Schroder

International Selection Fund

Hong Kong Covering Document June 2011 Edition

Prospectus May 2010 Edition

Schroders

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HONG KONG COVERING DOCUMENT
SCHRODER INTERNATIONAL SELECTION FUND

IMPORTANT: This document must be read in conjunction with the Prospectus of Schroder International Selection Fund (the "Company") dated May 2010 and its addendum dated December 2010 (the "Prospectus") and the Product Key Facts Statements of the Funds (as defined below). Investors should refer to the Prospectus for full information and terms defined therein have the same meaning in this document. Investors should carefully consider the risks involved before making their choice of investment. Investors should make their own risk assessment.

The Company and its sub-funds as listed in the section headed "List of Funds authorized in Hong Kong" below (each a "Fund" and collectively the "Funds") have been authorized under Section 104 of the Securities and Futures Ordinance ("SFO") by the Securities & Futures Commission of Hong Kong (the "SFC"). The SFC authorization is not a recommendation or endorsement of the Funds nor does it guarantee the commercial merits of the Funds or their respective performance. It does not mean the Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. The Company also offers other sub-funds, however these sub-funds have not been authorized by the SFC and therefore are not available for sale to the public in Hong Kong.

This document has been prepared for the intention of Investors residing in Hong Kong and with a view to comply with the requirements of the SFC.

Investors should note that investment in the Funds involves risk. These risks may include or relate to, among others, equity market, bond market, foreign exchange, interest rate, credit, market volatility and political risks and any combination of these and other risks. Investment in the Funds is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. None of the Management Company or any service providers to the Company or any of their respective subsidiaries, affiliates, associates, agents or delegates, guarantees the performance or any future return of the Funds. Please read the section headed "Risks of Investment" in this document and the Prospectus for more details on the risk factors applicable to the Company and the Funds.

There is no assurance that the investment objective of the Funds will be achieved. Past performance is not necessarily a guide to future performance and units should be regarded as a medium to long-term investment. Investment in the Funds should not be the sole or principal component of any investment portfolio.

The price of Shares of the Company and the income from them may go down as well as up and an Investor may not get back the amount invested.

If you are in doubt about the contents of the Prospectus or this document, please seek independent professional financial advice.

Hong Kong Representative

The Hong Kong Representative of the Company in respect of the Funds is Schroder Investment Management (Hong Kong) Limited, Suite 3301, Level 33, Two Pacific Place, 88 Queensway, Hong Kong (the "Representative").

List of Funds authorized in Hong Kong

Mainstream Equity Funds
EURO Equity
European Large Cap
Global Equity
Italian Equity
Japanese Equity
Japanese Large Cap
Pacific Equity
UK Equity
US Large Cap

Specialist Equity Funds
Asian Equity Yield
Asian Smaller Companies
Asia Pacific Property Securities
Asian Total Return
BRIC (Brazil, Russia, India, China)
China Opportunities
Emerging Asia
Emerging Europe
Emerging Markets
European Smaller Companies
Global Climate Change Equity

Global Demographic Opportunities
Global Emerging Market Opportunities
Global Energy
Global Equity Yield
Global Property Securities
Global Smaller Companies
Greater China
Hong Kong Equity
Indian Equity
Japanese Smaller Companies
Korean Equity
Latin American
Middle East
Taiwanese Equity
US Small & Mid-Cap Equity
US Smaller Companies

Style Equity Funds
EURO Active Value
EURO Dynamic Growth

Alpha Equity Funds
European Equity Alpha
Global Equity Alpha
Japanese Equity Alpha

Quantitative Equity Funds
QEP Global Active Value
QEP Global Quality

Asset Allocation Funds
European Allocation

Absolute Return Funds
Asian Bond
Emerging Europe Debt Absolute Return
Emerging Markets Debt Absolute Return

Mainstream Bond Funds
EURO Bond
EURO Short Term Bond
EURO Government Bond
Global Bond
Global Inflation Linked Bond
Hong Kong Dollar Bond
US Dollar Bond

Specialist Bond Funds
Asian Local Currency Bond
EURO Corporate Bond
Global Corporate Bond
Global High Yield
Strategic Bond

Specialist Bond Funds (Medium-higher Risk)
Global Credit Duration Hedged

Defensive Funds
European Defensive

Liquidity Funds
EURO Liquidity
US Dollar Liquidity

Currency Funds
Global Managed Currency

Types of share available in Hong Kong

Generally, only 'A' Shares, 'A1' Shares and 'D' Shares are available for sale to the public in Hong Kong. These Share Classes, where available, may also be offered in EUR, USD, GBP, JPY, HKD, AUD, CHF, SGD and such other currencies may be from time to time determined by the Directors. Where offered in a currency other than the Fund Currency, a Share Class will be designated as such. 'A1" and 'D' Shares will only be available to Investors who at the time the relevant subscription order is received are customers of certain Distributors appointed specifically for the purpose of distributing the 'A1' and 'D' Shares and only in respect of those Funds for which distribution arrangements have been made with such Distributors. The Representative will provide the list of shares classes available, upon request of an Investor.

Registered Shares are evidenced by entries in the Company's register and are represented by a contract note. Shareholders should, therefore, be aware of the importance of ensuring that the Management Company is informed of any change to the registered details.

Procedure for applications by Hong Kong Investors

Applications may be made to the Representative on a Hong Kong business day, a day on which banks in Hong Kong are normally open for business, excluding Saturday. Application forms may be sent through an Investor's investment adviser or other Distributor, or may be sent directly to the Representative. The Representative will forward applications to the Management Company promptly. Applications to the Representative should be made on and in accordance with the instructions on the application form available from the Representative.

Applications sent to the Representative must be received by it no later than 5:00 p.m. (Hong Kong time) on a Hong Kong business day if they are to be forwarded to the Management Company in Luxembourg on that day. Applications received after 5:00 p.m. (Hong Kong time) will be forwarded to the Management Company on the next Hong Kong business day. Investors should note that while they may submit applications by fax, the original application form should still be signed and posted as this will be required. Investors are reminded that if they choose to send the application by fax, they bear their own risk of application not being received by the Representative. Investors should, therefore, for their own benefit confirm with the relevant person the receipt of the application.

For applications that are sent through an investment adviser or other Distributor, Investors should note that such investment adviser or Distributor may have an earlier cut-off time.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

Applications can only be accepted by the Management Company and the issuance of Shares will be based on the relevant Net Asset Value per Share when the order is received by the Management Company.

Contract notes, confirmation of ownership documents, cheques, and other documents sent by post will be at risk of the person(s) entitled thereto and will be sent to the address of the applicant (or that of the first-named applicant) as set out in the application.

Payment should normally be made in the currency of the relevant Fund(s). However, a currency exchange service for subscriptions is provided by the Representative and the Management Company on behalf of, and at the cost and risk of, the Investor. Neither the Company nor the Management Company nor the Representative takes any responsibility for the rate of exchange obtained. Changes in the rate of exchange between the currency of denomination and the currency of an applicant's subscription monies may cause the value of an Investor's investment to diminish or increase.

Monies can be paid either by telegraphic transfer to the relevant accounts as set out in the application form or may be paid by cheque in accordance with instructions on the application form. It should be noted that there may be delay in the receipt of cleared funds if payment is by cheque or banker's draft compared to payment by telegraphic transfer. The applicant should quote the full name of the Fund(s) in the remittance instruction. An applicant may be required to compensate the Company for any loss resulting from late settlement.

Redemption and Switching of Shares

Shareholders may submit redemption or switching requests to the Representative. Redemption and switching requests sent to the Representative must be received by it no later than 5:00 p.m. (Hong Kong time) on a Hong Kong business day if they are to be forwarded to the Management Company in Luxembourg on that day. Redemption and switching requests received after 5:00 p.m. (Hong Kong time) will be forwarded to the Management Company on the next Hong Kong business day.

A redemption or switching request by a registered Shareholder wishing to have all or any of his Shares redeemed or switched should be in writing or by fax sent to the Representative or direct to the Management Company. Applications should indicate the relevant Fund(s) and number of Shares to be redeemed or switched and should state the name in which they are registered. Investors are reminded that if they choose to send notices of redemption or switch by fax, they bear their own risk of notices not being received by the Representative. Investors should, therefore, for their own benefit confirm with the relevant person the receipt of the notices.

For redemption or switching requests that are sent through an investment adviser or other Distributor, Shareholders should note that such investment adviser or Distributor may have an earlier cut-off time.

Confirmations of transactions will normally be dispatched by the Representative on the next Business Day after Shares are switched or redeemed. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Delay in providing the relevant documents may cause the instruction to be delayed or lapse and be cancelled.

In the case of redemption of Shares, Shareholders will normally be repaid in the currency of denomination of the relevant Fund(s). If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction will be arranged by the Representative and the Management Company on behalf of, and at the cost and risk, of the Shareholder. Changes in rates of exchange between the currency in which the relevant Fund(s) are denominated and the currency of a Shareholder's redemption request may cause the value of a Shareholder's investment to diminish or increase. Payment will normally be made by bank transfer or telegraphic transfer, less expenses, to an account specified by the Shareholder within 3 Business Days from the date of redemption or, if later, the receipt in Luxembourg of all properly completed documents from the investor. In any event, payment will be made within 30 days thereof.

Subject to approval of the Directors, Shares in the Company may be redeemed at the request and consent of the Shareholder with payment by assets in kind held in the Company.

TRANSFERS The transfer of Shares may be effected by delivery to the Representative of a duly signed transfer form in appropriate form.

Dealing Day

The list of expected non-Dealing Days for the Funds is also available from the Representative on request and on the www.schroders.com.hk Internet site.

Fees, Charges and Expenses

Shareholders of the Funds will be given one month's prior notice should there be any increase in the investment management fee or imposition of any redemption charge, subject to regulatory approval, if required.

In certain countries, Investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

Any advertising or promotional activities in connection with the Funds will not be paid from the Funds' property as long as the Funds are authorised in Hong Kong.

Neither the Investment Managers nor its associates will receive cash rebates from any broker in respect of transactions for account of the Funds as long as they are authorized in Hong Kong.

The costs of establishment and authorization of the Company and the Funds in Hong Kong have been fully amortized.

The Fund may enter into any transactions with the Management Company, the Investment Manager or the Custodian or with any of their affiliates, provided that, as long as the Funds are authorized in Hong Kong, (i) such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and in compliance with Chapters 10.9 to 10.12 of the Code on Unit Trusts and Mutual Funds issued by the SFC; and (ii) in transacting with brokers or dealers connected to the Management Company, Investment Managers, directors of the Company or any of their connected persons, may not in aggregate account for more than 50% of the Funds' transactions in value in any one financial year of the Company.

The liability of the Shareholders is limited to their investment in the Fund(s).

Performance fee

Illustration: *Assume that in the first performance period ended 31 December 2009, Net Asset Value per Share as at 31 December 2009 is $10 and no performance fee is paid during this period. Accordingly, the High Water Mark for the second performance period ending 31 December 2010 will be $10. Further assume the Net Asset Value per Share as at 31 December 2010 is $8. Since this is lower than the High Water Mark of $10, no performance fee is paid, and the commencement date for the third performance period will still be 1 January 2009 while the end date will be 31 December 2011, and the High Water Mark will remain at $10. If Net Asset Value per Share as at 31 December 2011 is higher than $10, performance fee will be paid to the Investment Manager, and the next performance period will commence on 1 January 2012.*

The performance fee is set at 15% of the outperformance as defined in the Prospectus, and is payable yearly during the month immediately following the end of each calendar year.

Total Performance Fee = Outperformance per Share x Average number of Shares in issue during the accounting year x 15%;

where:

Outperformance per Share = Outperformance of the Net Asset Value per Share over the greater of the High Water Mark or the Target Net Asset Value per Share (i.e. hypothetical Net Asset Value per Share, which is calculated in proportion to the % change in benchmark as defined below)

The performance fee model is based on the period to date performance of a Fund and the average number of shares in issue. Under this approach subscriptions and redemptions including large transactions are smoothed which may give rise to a different result than if the performance fee model was tailored to the performance experience of each individual shareholder over their period of investment. The average number of Shares in issue, as described in the 6th paragraph under the section headed "Performance Fees", is used to smooth the effect of large changes in the number of Shares over the accounting year. In some extreme circumstances the use of average number of

Shares in issue can have an effect on the performance fee payable by a Fund. For example, if at the end of a performance period there is a sudden large increase in the number of Shares combined with a strong outperformance of the Fund's performance benchmark, this increase in average number of Shares may cause a higher or lower performance fee to be paid than would be the case if there was no change in the number of Shares over the period.

At the end of each accounting year, should there be positive accounting provision, as described in the 7th paragraph under the same section, made over the performance period, such accrued performance fee will be payable to the Investment Managers.

Illustration: *Assume that on 2 September, the Net Asset Value per Share on the preceding Dealing Day (i.e. 1 September) is $15, Target Net Asset Value per Share is $13 and High Water Mark is $10. Assume average number of Shares over the period from the start of the accounting year to 2 September is 500,000. Performance fee accrued on 2 September will therefore be: $(15-13) x 500,000 x 15% = $150,000.*

On 3 September, the Net Asset Value per Share on 2 September is $14. Assuming that the Target Net Asset Value per share is still $13, the accounting provision made on 2 September will therefore be reduced by $1 x 500,000 x 15% = $75,000. In other words, the adjusted accrued performance fee of $(150,000-75,000) = $75,000 will be reflected in the Net Asset Value per Share. However, if the Net Asset Value per Share on 2 September is lower than the Target Net Asset Value per share of $13, all of the provision of $150,000 made on 2 September will be returned to the Fund.

Performance fees are accrued on each valuation day in the event of outperformance, that is, if the increase in the Net Asset Value per Share exceeds the increase in the relevant benchmark and provided that the Net Asset Value per Share is higher than the High Water Mark. If the Net Asset Value per Share at redemption is below the High Water Mark, notwithstanding that Investors subscribed the Shares at a price lower than the Net Asset Value per Share at redemption, they will not bear a performance fee at the time of redemption.

If the Net Asset Value per Share at redemption is higher than the High Water Mark, notwithstanding that the Investors subscribed the Shares at a price higher than the Net Asset Value per Share at redemption, the Fund will still be accruing a performance fee as reflected in the price at which the Shares are redeemed.

Pooling and Co-management

Notwithstanding that the Funds may participate in pooling and co-management as described in more detail in the Prospectus, there is no current intention to do so for the account of the Funds. As long as the Funds are authorized in Hong Kong, each of the Funds may, subject to the SFC's approval, participate in pooling or co-management by giving prior written notification to the relevant Shareholders and updating this document.

Investment Restrictions

In addition to the text provided under the section headed "Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments" in Appendix I to the Prospectus, further information is given below:–

The Company may participate in securities lending transactions only in the framework of a standardized lending system organized by a recognized securities clearing body or by a highly rated financial institution specialized in this type of transactions.

In relation to such lending transactions, the Company must in principle receive for the Fund concerned security of a value which at the time of the conclusion of the lending agreement must be at least equal to the value of the global valuation of the securities lent.

Lending transactions may not be entered into in respect of more than 50% of the total valuation of the portfolio of each Fund. Such limitation shall not apply where the Company has the right at any time to terminate the lending contract and obtain restitution of the securities lent.

In respect of securities lending transactions, the Management Company and the securities lending agents are entitled to deduct fees of up to 25% and 12% respectively (and in aggregate not more than 35%) of the gross revenue from each loan. The balance, being not less than 65% of the gross revenue from each loan, shall be paid to the Company.

Risks of Investment

In addition to the text as provided in Appendix II to the Prospectus, further information is given below:

Funds investing in mortgage related and other asset backed securities
To the extent that mortgage and asset backed securities are not guaranteed, they are subject to credit risk. The main factors for credit risk are the likelihood of the borrower paying the promised cash flows and the value of the collateral. If an underlying borrower becomes insolvent or the collateral loses in value, the mortgage or asset backed securities may become worthless.

Inflation Linked Debt Securities
This asset class is not as liquid as the conventional government bond market. As a result, investor flows can have a higher impact on prices than for conventional bonds, which can influence performance. However, as the asset class grows in popularity, the susceptibility to the influence will diminish.

It is important to bear in mind, however, that funds investing in inflation linked debt securities are not an alternative to money market funds. Inflation should lead to higher returns as inflation climbs but, if yields rise dramatically, investors could lose money.

Currency Risks
Assets may be denominated in currencies other than USD and some may not be freely convertible. Such Funds may be adversely affected by changes in foreign exchange rates of the currencies in which securities are held and the US Dollar. It may not be practicable or possible to hedge against such foreign exchange/currency risk exposure.

The Directors may, from time to time, permit the use of forward currency transactions and/or currency futures or options with the aim of protecting the value of the assets of the Funds against untoward foreign exchange risks.

Concentrated geographical locations
The Fund investing in concentrated geographical locations may be subject to a higher level of risks comparing to a Fund investing in a more diversified portfolio/strategy.

Concentrated sector
The Fund investing in concentrated sector may be subject to a higher level of risks comparing to a Fund investing in a more diversified portfolio/strategy.

Risk of termination of the Funds
In the event of the early termination of the Fund, the Fund would have to distribute to the Shareholders their pro-rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholder. Moreover, any organizational expenses with regard to a Fund that had not yet become fully amortized would be debited against the Fund's capital at that time.

Investment in the People's Republic of China ("PRC")
Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market. For more than 50 years, the central government of the PRC has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on foreign investment in joint stock companies in the PRC or in listed securities such as China A-Shares, China B-Shares and China H-Shares.

In view of the small yet slowly increasing number of China A-Shares, China B-Shares and China H-Shares issues currently available, the choice of investments available to the Investment Manager will be severely limited as compared with the choice available in other markets. There is a low level of liquidity in the China A-Shares and China B-Shares markets, which are relatively small in terms of both combined total market value and the number of China A-Shares and China B-Shares which are available for investment. This could potentially lead to severe price volatility.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is not well developed when compared with those of developed countries. PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practice and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Under the prevailing PRC tax policy, there are certain tax incentives available to foreign investment. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

The PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the relevant Fund. Although the PRC government has recently reiterated its intention to maintain the stability of the Renminbi while allowing moderate appreciation, there can be no assurance that the Renminbi will not be subject to appreciation at a faster pace as a result of measures that may be introduced to address the concerns of the PRC's trading partners. Further, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investor's investments in the relevant Fund.

People's Republic of China ("PRC") tax consideration
Funds investing in the PRC securities may be subject to capital gain, withholding and other taxes imposed in the PRC.

Whilst withholding tax (currently 10%) on dividends paid by PRC companies has now been confirmed by the State Administration of Taxation (the "SAT"), an announcement on the tax treatment of gains derived from the disposal of PRC securities is still pending. The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect.

The Company therefore reserves the right to provide for tax on gains derived from the disposal of PRC securities. With the uncertainty of whether and how gains on PRC securities are to be taxed under the Enterprise Income Tax Law ("EITL"), the possibility of the rules being changed and the possibility of taxes being applied retrospectively, any provision for taxation made by the Company may be excessive or inadequate to meet final PRC tax liabilities on gains derived from the disposal of PRC securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they subscribed and/or redeemed their shares in/from the Funds.

With the various uncertainties in relation to the PRC taxation of gains on PRC securities, the Company is of the view that it is prudent to constitute a tax provision of 100% of the possible 10% tax on gains on PRC securities within each of the Funds investing into PRC securities. The full tax of 10% is provided for PRC sourced dividends and interest.

Potential Conflicts of Interest

In addition, the Investment Manager, Schroders, the Custodian and other service providers of Company may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company.

If such conflicts arise, each of them will use reasonable endeavours to resolve such conflicts fairly (having regard to its respective obligations and duties) and acts in the best interests of the Shareholders. In any event, the Investment Managers shall act in a manner which it believes to be equitable in its allocation of investment opportunities among other funds, other investment vehicles it manages or advises and the accounts of its other clients and ensure that all investment opportunities will be fairly allocated. The Investment Managers will also have regard to its obligations to act in the best interests of the shareholders when undertaking any investments where potential conflicts of interests may arise.

Fund Details

In addition to the specific investment objectives and policies of the different Funds as provided in Appendix III to the Prospectus, further information is given below on some of the Funds: -

BRIC (Brazil, Russia, India, China)
The Fund will not invest more than 10% of the Net Asset Value of the Fund in China A-Shares, China B-Shares and/or securities linked to any of these. The Fund will not invest directly in China A-Shares, however indirect exposure to China A-Shares may be sought for the Fund through investment in financial instruments such as China market access products. If the Directors decide to increase the exposure of the Fund to China A-Shares and China B-Shares above 10%, one month's prior notice will be given to the relevant Shareholders and this document will be updated accordingly.

Pacific Equity, Asian Equity Yield, Asian Smaller Companies, Asia Pacific Property Securities, Asian Total Return, China Opportunities, Emerging Asia and Greater China
For clarification, in relation to the Funds' investment objectives as described in the said Appendix III to the Prospectus, these Funds may seek to achieve their investment objectives through investment in China A-Shares, China B-Shares, China H-Shares and/or securities linked to any of these. Each Fund may have significant exposure to China A-Shares and China B-Shares, however such exposures will not exceed 30% of the total Net Asset Value of the Fund. The Funds will not invest directly in China A-Shares, however indirect exposure to China A-Shares may be sought for the Funds through investment in financial instruments such as China market access products. If the Directors decide to increase the exposure of any of these Funds to China A-Shares and China B-Shares above 30%, one month's prior notice will be given to the relevant Shareholders and this document will be updated accordingly.

Global Climate Change Equity
For clarification, in relation to the Fund's investment objective as described in the said Appendix III to the Prospectus, it is the present intention of the Investment Manager to invest the Fund heavily in sectors having a direct impact on efforts to mitigate or adapt to climate change, namely auto, renewable energy, utility, materials, and industrial sectors.

EURO Dynamic Growth
Notwithstanding the dates stated in the Addendum dated December 2010, as of 12 May 2011, the Fund merged into Schroder International Selection Fund EURO Equity.

Global Inflation Linked Bond
The global inflation-linked bond market is global and thus the specific structures and terms of bonds issued can vary depending on the issuing entity. For example, US Treasury Inflation Protected Securities, or 'TIPS', guard an investor's savings from inflation. They pay a fixed rate of interest. The value of the principal of a TIPS is adjusted semi-annually, based on changes in the Consumer Price Index. The interest rate is applied to the inflation-adjusted principal, not the original face value. So, if inflation occurs throughout the life of the security, every interest payment will be greater than the one before it. The converse is true however, in the event of deflation. Upon maturity, the US Treasury will pay the greater of either the inflation-adjusted principal or the original face value.

The Fund is designed to match the general thematic of inflation and not the inflation of individual country.

Defensive Funds and Liquidity Funds
Defensive Funds and Liquidity Funds are not money market funds and are not the same as placing funds on deposit with bank or deposit-taking company. Investors should be aware that these Funds do not guarantee principal.

US Dollar Liquidity
The name of the Fund appears on page 100 of the Prospectus should be read as "Schroder International Selection Fund US Dollar Liquidity" without "QEP".

Absolute Return Funds
While Absolute Return Funds aim to achieve absolute performance, there may be circumstances that negative returns could be generated. Investors should therefore not interpret it to mean or imply that absolute return is guaranteed.

Use of financial derivative instruments

The term "structured financial instruments" used throughout the Prospectus and this document included, but not limited to, credit default swaps, credit linked notes and equity linked notes. A combination of financial derivative instruments could also be employed to create synthetic instruments.

Investment Managers

The Management Company has appointed Schroder Investment Management Limited, Schroder Investment Management North America Inc., European Investors Inc., Schroder Investment Management (Hong Kong) Limited, Schroder Investment Management (Japan) Limited and Schroder Investment Management (Singapore) Ltd as Investment Managers to provide investment management and advisory services to the Funds authorised in Hong Kong. The Management Company may from time to time change the Investment Manager for any of these Funds to any of the aforesaid entities and the relevant Shareholders will be notified of the change accordingly.

Distributions

Yearly distributing Share Classes will be distributed yearly generally in January; Semi-annually distributing Share Classes will be distributed semi-annually, generally in January and July; quarterly distributing Share Classes will be distributed quarterly, generally in January, April, July and October; and monthly distributing Share Classes will distributed monthly generally in the following month. The Directors retain the right to change the date and/or frequency of distribution from time to time subject to notification to the relevant Shareholders.

The dividend calendar including details on the distribution frequency and the dividend calculation basis for all available Share Classes and the composition of the latest dividend payment (i.e. the percentages of distribution being made out of capital and income) for each distribution share class with fixed dividends are also available from the Representative on request and on the **www.schroders.com.hk** Internet site. A notice will be published in the South China Morning Post and Hong Kong Economic Times when composition(s) of the latest dividend payments of distribution share class(es) is/are posted on the above-mentioned website.

Publication of Prices

The preceding day's Net Asset Value per Share of the Funds will be published daily in Hong Kong in the South China Morning Post and Hong Kong Economic Times. Such are for indicative purpose only.

Meetings

At general meetings, each Shareholder has the right to one vote for each whole Share held. A Shareholder of any particular Fund or Class will be entitled at any separate meeting of the Shareholders of that Fund or Class to one vote for each whole Share of that Fund or Class held. In the case of a joint holding, only the first named Shareholder may vote.

Accounts

The audited annual reports and unaudited half-yearly reports in English will be made available within four months of the end of each financial year and two months of the end of half year end respectively.

Shareholders will be notified when such accounts (accompanied by the required reports), in printed and electronic forms are available and where such accounts may be obtained. Copies of annual, semi-annual and financial reports may be obtained free of charge at the registered office of the Hong Kong Representative and from the Schroders' Internet site (**www.schroders.com.hk**). Copies of the reports may be posted to investors on request.

Hong Kong Taxation

The Company will not be expected to be subject to any Hong Kong profits tax attributable to the Funds arising from the carrying on of its activities as described in the Prospectus and this document.

Shareholder whether or not resident in Hong Kong will not be liable for Hong Kong tax in respect of any income or gains made on the issue, redemption, switch or other disposal in Hong Kong of the Shares in the Funds, save that persons carrying on in Hong Kong a business of trading in securities may be subject to Hong Kong profits tax if those gains form part of such business.

The foregoing is based on the Directors' understanding of the law and practice currently in force as at the date of this document and applies to investors acquiring Shares in the Company as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences if buying, holding, transferring, switching, redeeming or otherwise dealing the Company's Shares under the laws of their countries of citizenship, residence and domicile.

Risk Management Process

In accordance with the UCITS III requirements, the Company has implemented an independent risk monitoring process in addition to the Schroder Investment Risk Framework ("SIRF").

Regulatory risk limits as well as internal VaR limits, where applicable, are monitored on a daily basis by the management company and items necessitating actions are escalated to the investment manager, independent risk committees and ultimately to the Company's board of directors.

Schroders has established a Group Derivatives Committee ("GDC"), which will assume responsibility for the implementation and oversight of the operational risks linked to them. GDC comprises members of different business divisions. The role of GDC includes, but is not limited to, implementing an operational risk management framework for financial derivative instruments or certain structured financial instruments embedding financial derivative instruments, monitoring the adequacy of the operational risk management framework in place for effective operational and regulatory risk controls of financial derivative instruments. Any new financial derivative instrument, its valuation method and the related operational process are approved by the GDC.

Material Contracts and documents available for inspection

The documents listed for inspection in the Prospectus (including SIRF) together with copies of the Hong Kong Representative Agreement and the Investment Management Agreements are made available for inspection at the office of the Representative during its normal business hours or may be purchased at a reasonable charge as determined by the Representative. These documents may be amended from time to time by agreement between the parties thereto. Simplified Prospectus of the Funds is also available for inspection at the office of the Representative during its normal business hours.

The Directors have taken all reasonable care to ensure that the information contained in the Prospectus and this document is, to the best of their knowledge and belief, in accordance with facts and does not omit anything material to such information. The Directors accept responsibility accordingly.

The website (**http://www.schroders.lu**) as mentioned in the Prospectus and the website (**www.schroders.com.hk**) as mentioned in this document are not approved by the SFC. The websites may contain information in relation to funds that are not authorized by the SFC and may not be offered to the retail public in Hong Kong.

Enquiries and Complaints

Enquiries and complaints concerning the Company and the Funds (including information concerning subscription and redemption procedures and the current net asset value of the Funds) should be directed to the Hong Kong Representative at Suite 3301, Level 33, Two Pacific Place, 88 Queensway, Hong Kong or by electronic mail at schroders@schroders.com.hk. or by phone at +852 2869 6968.

This document is dated June 2011.

Schroder International Selection Fund
(a Luxembourg domiciled open-ended investment company)

Prospectus

May 2010

This Prospectus is not valid unless accompanied by an Addendum dated December 2010.

Schroder Investment Management (Luxembourg) S.A.
Internet Site: http://www.schroders.lu

Important Information

Copies of this Prospectus can be obtained from and enquiries regarding the Company should be addressed to:

Schroder Investment Management (Luxembourg) S.A.
5, rue Höhenhof
L-1736 Senningerberg
Grand Duchy of Luxembourg
Tel: (+352) 341 342 202
Fax: (+352) 341 342 342

This prospectus (the "Prospectus") should be read in its entirety before making any application for Shares. If you are in any doubt about the contents of this Prospectus you should consult your financial or other professional adviser.

Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of Shares other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company or the Management Company. Neither the delivery of this Prospectus nor the offer, placement, subscription or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

The Directors, whose names appear below, have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Directors accept responsibility accordingly.

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Investors wishing to apply for Shares should inform themselves as to the requirements within their own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.

This Prospectus does not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

Holding and storing personal data in relation to the Investors is necessary to enable the Management Company to fulfil the services required by the Investors and to comply with its legal and regulatory obligations.

By subscribing to Shares of the Company, the Investors expressly agree that their personal data be stored, changed, otherwise used or disclosed (i) to Schroders and other parties which intervene in the process of the business relationship (e.g. external processing centres, dispatch or payment agents), including companies based in countries where data protection laws might not exist or be of a lower standard than in the European Union or (ii) when required by law or regulation (Luxembourg or otherwise).

The personal data shall not be used or disclosed to any person other than as outlined in the preceding paragraph without the Investors' consent.

Reasonable measures have been taken to ensure confidentiality of the personal data transmitted within Schroders. However, due to the fact that the information is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the information is kept abroad.

Schroders will accept no liability with respect to any unauthorised third party receiving knowledge of or having access to such personal data, except in the case of negligence by Schroders.

The Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

Personal data shall not be held for longer than necessary with regard to the purpose of the data processing.

The distribution of this Prospectus in certain countries may require that this Prospectus be translated into the languages specified by the regulatory authorities of those countries.

Should any inconsistency arise between the translated and the English version of this Prospectus, the English version shall always prevail.

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the recording of conversations with the Management Company and to the use of such recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested.

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Definitions

Accumulation Shares	shares which accumulate their income so that the income is included in the price of the shares
Articles	the articles of association of the Company as amended from time to time
AUD	Australian Dollars
Business Day	a week day on which banks are normally open for business in Luxembourg (if falling on a week day, the 24th December will not be a Business Day)
CHF	Swiss Franc
Company	Schroder International Selection Fund
Custodian	J.P. Morgan Bank Luxembourg S.A., acting as custodian bank and fund administrator
CSSF	Commission de Surveillance du Secteur Financier (Luxembourg Financial Sector Supervisory Authority)
Dealing Day	unless otherwise provided in the Fund's details in Appendix III, a dealing day is a Business Day which does not fall within a period of suspension of calculation of the Net Asset Value per Share of the relevant Fund. The Management Company may also take into account whether relevant local stock exchanges and / or Regulated Markets are open for trading and settlement, and may elect to treat such closures as non-Dealing Days for Funds which invest a substantial amount of their portfolio on these closed stock exchanges and/or Regulated Markets. A list of expected non-Dealing Days for the Funds is available from the Management Company on request and is also available on the www.schroders.lu Internet site
Directors or Board of Directors	the board of directors of the Company
Distributor	a person or entity duly appointed from time to time by the Management Company to distribute or arrange for the distribution of Shares
Distribution Period	the period from one date on which dividends are paid by the Company to the next. This may be annual or shorter where dividends are paid more regularly
Distribution Shares	shares which distribute their income
EEA	European Economic Area
Eligible Market	an official stock exchange or another Regulated Market
Eligible State	includes any member state of the European Union ("EU"), any member state of the Organisation for Economic Co-operation and Development ("OECD"), and any other state which the Directors deem appropriate with regard to the investment objective of each Fund
EMU	Economic and Monetary Union
EU	European Union
EUR	the European currency unit (also referred to as the Euro)
Fund	a specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Share Class or Share Classes
GBP	Great British Pound
HKD	Hong Kong Dollar
Investor	a subscriber for Shares
JPY	Japanese Yen
Management Company	Schroder Investment Management (Luxembourg) S.A.
Net Asset Value	Net Asset Value per Share (as described below) multiplied by the number of Shares

Net Asset Value per Share	the value per Share of any Share Class determined in accordance with the relevant provisions described under the heading "Calculation of Net Asset Value" as set out in Section 2.3
OTC	over-the-counter
Regulated Market	a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State
Regulations	the law on undertakings for collective investment dated 20 December 2002 as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions
Schroders	the Management Company's ultimate holding company and its subsidiaries and affiliates worldwide
SGD	Singapore Dollars
Share	a share of no par value in any one class in the capital of the Company
Share Class	a class of Shares with a specific fee structure
Shareholder	a holder of Shares
UCITS	an "undertaking for collective investment in transferable securities" within the meaning of Article 1(2) of Council Directive 85/611/EEC of 20 December 1985, as amended
UCI	an "undertaking for collective investment" within the meaning of the first and second indent of Article 1(2) of Council Directive 85/611/EEC of 20 December 1985, as amended
UK	United Kingdom
UK Distributor Status	a tax status relevant for UK Shareholders
USA or US	the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction
USD	United States Dollar

All references herein to time are to Luxembourg Time unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa.

Board of Directors

Chairman

- **Massimo TOSATO**
  Vice Chairman
  Schroders PLC
  31 Gresham Street
  London EC2V 7QA
  United Kingdom

Directors

- **Jacques ELVINGER**
  Avocat,
  Elvinger, Hoss & Prussen
  2, place Winston Churchill
  L-2014 Luxembourg
  Grand Duchy of Luxembourg

- **Daniel DE FERNANDO GARCIA**
  Consultant
  José Abascal 58
  7 Derecha
  28003 Madrid
  Spain

- **Achim KUESSNER**
  Country Head Germany, Austria & CEE
  Schroder Investment Management GmbH
  Taunustor 2
  60311 Frankfurt
  Germany

- **Richard MOUNTFORD**
  Global Head of Retail
  Schroder Investment Management Limited
  31 Gresham Street
  London EC2V 7QA
  United Kingdom

- **Ketil PETERSEN**
  Country Head Denmark
  Schroder Investment Management
  Fondsmaeglerselskabet A/S
  Store Stranstraede 21
  1255 Copenhagen K
  Denmark

- **Gavin RALSTON**
  Global Head of Product
  Schroder Investment Management Limited
  31 Gresham Street
  London EC2V 7QA
  United Kingdom

- **Georges-Arnaud SAIER**
  Consultant
  VERY SAS
  10 Rue de la Grange Batelière
  75009 Paris
  France

Administration

Registered Office

5, rue Höhenhof
L-1736 Senningerberg
Grand Duchy of Luxembourg

Management Company and Domiciliary Agent

Schroder Investment Management (Luxembourg) S.A.
5, rue Höhenhof
L-1736 Senningerberg
Grand Duchy of Luxembourg

Investment Managers

- Schroder Investment Management (Switzerland) AG
  Central 2
  CH-8021 Zürich
  Switzerland
- Schroder Investment Management Limited
  31 Gresham Street
  London EC2V 7QA
  United Kingdom
- Schroder Investment Management Australia Limited
  Level 20 Angel Place, 123 Pitt Street
  Sidney NSW 2000
  Australia
- Schroder Investment Management Brasil DTVM S.A.
  Rua Joaquim Floriano, 72 - 14º andar - cj. 141 / 142 / 143 / 144
  04534-000 – São Paulo – SP
  Brazil
- Schroder Investment Management North America Inc.
  875 Third Avenue, 22nd Floor, New York
  New York 10022-6225
  United States of America
- Schroder Investment Management (Hong Kong) Limited
  Suites 3301, Level 33, Two Pacific Place
  88 Queensway
  Hong Kong
- Schroder Investment Management (Japan) Limited
  21st Floor Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-Ku
  Tokyo 100-0005
  Japan
- Schroder Investment Management (Singapore) Limited
  65 Chulia Street 46-00, OCBC Centre
  Singapore 049513
- European Investors Inc.
  717 Fifth Avenue, New York
  New York 10022
  United States of America
- Fisch Asset Management AG
  Bellerive 241
  Postfach CH-8034, Zürich
  Switzerland

Custodian

J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Centre
6, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Independent Auditors

PricewaterhouseCoopers S.à.r.l.
400, route d'Esch
L-1471 Luxembourg
Grand Duchy of Luxembourg

Principal Legal Adviser

Elvinger, Hoss & Prussen
2, place Winston Churchill
L-2014 Luxembourg
Grand Duchy of Luxembourg

Principal Paying Agent

Schroder Investment Management (Luxembourg) S.A.
5, rue Höhenhof
L-1736 Senningerberg
Grand Duchy of Luxembourg

Section 1

1. The Company

1.1 Structure

The Company is an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV"). The Company operates separate Funds, each of which is represented by one or more Share Classes. The Funds are distinguished by their specific investment policy or any other specific features.

The Company constitutes a single legal entity, but the assets of each Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Fund and the assets of a specific Fund are solely accountable for the liabilities, commitments and obligations of that Fund.

The Directors may at any time resolve to set up new Funds and/or create within each Fund one or more Share Classes and this Prospectus will be updated accordingly. The Directors may also at any time resolve to close a Fund, or one or more Share Classes within a Fund to further subscriptions.

Certain Shares are listed on the Luxembourg Stock Exchange. The Directors may decide to make an application to list other Shares, as well as list all such shares on any recognised stock exchange.

1.2 Investment Objectives and Policies

The exclusive objective of the Company is to place the funds available to it in transferable securities and other permitted assets of any kind, including financial derivative instruments, with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolios.

The specific investment objective and policy of each Fund is described in Appendix III.

The investments of each Fund shall at any time comply with the restrictions set out in Appendix I, and Investors should, prior to any investment being made, take due account of the risks of investments set out in Appendix II.

1.3 Share Classes

The Directors may decide to create within each Fund different Share Classes whose assets will be commonly invested pursuant to the specific investment policy of the relevant Fund, but where a specific fee structure, currency of denomination or other specific feature may apply to each Share Class. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Share Class.

Investors are informed that not all Distributors offer all Share Classes.

Shares are generally issued as Accumulation Shares. Distribution Shares will only be issued within any Fund at the Directors' discretion. Investors may enquire at the Management Company or their Distributor whether any Distribution Shares are available within each Share Class and Fund.

The particular features of each Share Class are as follows:

Initial and Distribution Charges

Initial Charge

Shares	Initial Charge
A and AX Shares	up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share)
A1 Shares	up to 4.00% of the total subscription amount (equivalent to 4.16667% of the Net Asset Value per Share)
B Shares	None
B1 Shares	None
C Shares	up to 3.00% of the total subscription amount (equivalent to 3.09278% of the Net Asset Value per Share)
D Shares	None

Shares	Initial Charge
I Shares	None
J Shares	None
P Shares	up to 3.00% of the total subscription amount (equivalent to 3.09278% of the Net Asset Value per Share)
X Shares	None

The Management Company and Distributors are entitled to the initial charge, which can be partly or fully waived at the Directors' discretion.

Distribution Charge

Shares	Distribution Charge
A and AX Shares	None
A1 Shares [1]	0.50% per annum of the net assets of Funds with the exception of 0.10% per annum of the net assets of the Liquidity Funds
B Shares [2]	— Equity Funds 0.60% per annum of the net assets of Funds — Absolute Return Funds 0.50% per annum of the net assets of the Funds — Bond Funds 0.50% per annum of the net assets of Funds with the exception of 0.10% per annum of the net assets of EURO Short Term Bond — Defensive Funds 0.55% per annum of the net assets of Funds — Liquidity Funds 0.10% per annum of the net assets of Funds — Currency Funds 0.50% per annum of the net assets of Funds — Asset Allocation Funds 0.60% per annum of the net assets of Funds
B1 Shares[1]	1.25% per annum of the net assets of Funds (including a shareholder servicing fee of 0.25% p.a.)
C Shares	None
D Shares[1]	1% per annum of the net assets of the Funds
I Shares	None
J Shares	None
P Shares	None
X Shares	None

Minimum Subscription Amount, Minimum Additional Subscription Amount and Minimum Holding Amount

A, AX, A1, B, B1, D and P Shares

The minimum subscription amount for A, AX, A1, B, B1, D and P Shares is EUR 1,000 or USD 1,000 or their near equivalent in any other freely convertible currency.

The minimum additional subscription amount for A, AX, A1, B, B1, D and P Shares is EUR 1,000 or USD 1,000 or their near equivalent in any other freely convertible currency.

The minimum holding amount for A, AX, A1, B, B1, D and P Shares is EUR 1,000 or USD 1,000 or their near equivalent in any other freely convertible currency.

These minima on A, AX, A1, B, B1, D and P Shares may be waived at the Directors' discretion from time to time.

C Shares

The minimum subscription amount for C Shares is EUR 500,000 or USD 500,000 or their near equivalent in any other freely convertible currency.

[1] Distribution charges in respect of A1, B1 and D Shares are paid at such intervals as may be agreed from time to time between the Company and those Distributors that are appointed specifically for the purpose of distributing such Shares.

[2] Distribution charges in respect of B Shares are payable quarterly.

The minimum additional subscription amount for C Shares is EUR 250,000 or USD 250,000 or their near equivalent in any other freely convertible currency.

The minimum holding amount for C Shares is EUR 500,000 or USD 500,000 or their near equivalent in any other freely convertible currency.

These minima on C Shares may be waived at the Directors' discretion from time to time.

I Shares

(see under "Specific Features" below)

J Shares

(see under "Specific Features" below)

X Shares

(see under "Specific Features" below)

Specific features of certain Share Classes

AX, A1 and B1 Shares

AX, A1 and B1 Shares will only be available to Investors who at the time the relevant subscription order is received are customers of certain Distributors appointed specifically for the purpose of distributing the AX, A1 and B1 Shares and only in respect of those Funds for which distribution arrangements have been made with such Distributors.

B1 Shares

No initial charge will be payable by an Investor on the acquisition of B1 Shares of any Fund. Instead a contingent deferred sales charge ("CDSC") may be payable to the Management Company or such other party as the Management Company may from time to time appoint. Where B1 Shares are redeemed within 4 years of the date of their issue, the redemption proceeds thereof will be subject to a CDSC at the rates set forth in the table below:

Redemption during years since issue	Applicable Rate of CDSC
1st Year	4%
2nd Year	3%
3rd Year	2%
4th Year	1%
After end of 4th Year	None

The applicable rate of CDSC is determined by reference to the total length of time during which the Shares being redeemed (including the B1 Shares from which they were derived (if any) as a result of a switch from another Fund) were in issue. In determining whether a CDSC is applicable, the calculation will be effected in a manner that results in the lowest possible rate being applied. It will therefore be assumed that, first, a redemption will be made of those B1 Shares in issue for a period exceeding four years and then those B1 Shares in issue for the longest period of time during the four year period. No CDSC is payable in respect of those B1 Shares which have been in issue for longer than a four year period. Dividends paid on B1 distribution Share Classes cannot be automatically reinvested and will be paid in cash.

The amount of CDSC is calculated by multiplying the relevant percentage rate as determined above by the lower of a) the Net Asset Value per Share of the Shares being redeemed on the relevant Dealing Day or b) the price paid for the original issue of Shares being redeemed or for the B1 Shares of another Fund from which those Shares were exchanged, in either case calculated in the relevant dealing currency of the Shares being redeemed.

Investors in B1 Shares will not be permitted to switch the holding of such Shares into other Share Classes, nor will they be permitted to transfer such Shares from one Distributor to another. However, holdings in B1 Shares will be converted automatically into A1 Shares on the last Business Day of the month in which the sixth anniversary of issue of such Shares occurs on the basis of the respective Net Asset Value per Share of the relevant B1 Shares and A1 Shares. This conversion may give rise to a tax liability for

Investors in certain jurisdictions. Investors should consult their tax adviser about their own position.

In all instances of switching that involve B1 Shares into another B1 Share Class, the age of the old B1 Shares will carry over and continue in the new B1 Shares. No CDSC is payable at the time of a switch of B1 Shares to B1 Shares in another Fund.

B1 Shares will also be subject to an annual distribution charge of 1%, and an annual shareholder servicing fee of 0.25%, both calculated and accrued daily by reference to the Net Asset Value per Share of such Shares and paid monthly to the Management Company or such other party as the Management Company may appoint from time to time.

The amounts accrued as CDSC, annual distribution charge and shareholder servicing fee are incurred for the provision of certain services pertaining to the sales, promotion, marketing and financing of B1 Shares.

B1 Share Classes are now closed to subscriptions from new and existing Investors.

D Shares

D Shares will only be available to Investors who at the time the relevant subscription order is received are customers of certain Distributors appointed specifically for the purpose of distributing the D Shares and only in respect of those Funds for which distribution arrangements have been made with such Distributors.

No initial charge will be payable by an Investor on the acquisition of D Shares of any Fund. However some charges, for example redemption or administration charges may be deducted by the Distributor from the redemption proceeds as agreed separately between the Shareholders and the Distributor. Shareholders should check with the respective Distributors for details of the arrangement.

Investors in D Shares will not be permitted to switch the holding of such Shares into other Share Classes, nor will they be permitted to transfer such Shares from one Distributor to another.

I Shares

I Shares will only be offered to Investors:

(A) who, at the time the relevant subscription order is received, are clients of Schroders with an agreement covering the charging structure relevant to the clients' investments in such Shares, and

(B) who are institutional investors, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

The minimum subscription amount for I Shares is EUR 5,000,000 or USD 5,000,000 or their near equivalent in any other freely convertible currency.

The minimum additional subscription amount for I Shares is EUR 2,500,000 or USD 2,500,000 or their near equivalent in any other freely convertible currency.

The minimum holding amount for I Shares is EUR 5,000,000 or USD 5,000,000 or their near equivalent in any other freely convertible currency.

These minima on I Shares may be waived at the Directors' discretion from time to time.

The Company will not issue, or effect any switching of, I Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for I Shares restricted to institutional investors until such date as the Management Company has received sufficient evidence on the qualification of the relevant Investor as an institutional investor. If it appears at any time that a holder of I Shares is not an institutional investor, the Directors of the Company will instruct the Management Company to propose that the said holder convert their Shares into a Share Class within the relevant Fund which is not restricted to institutional investors (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Directors of the Company will, at

their discretion, instruct the Management Company to redeem the relevant Shares in accordance with the provisions under "Redemption and Switching of Shares".

As I Shares are, inter alia, designed to accommodate an alternative charging structure whereby the Investor is a client of Schroders and is charged management fees directly by Schroders, no management fees will be payable in respect of I Shares out of the net assets of the relevant Fund. I Shares will bear their pro-rata share of the fees payable to the Custodian and the Management Company, as well as of other charges and expenses.

J Shares

J Shares will only be offered to, and can only be acquired by Japanese Fund of Funds, which are institutional investors as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority. "Japanese Fund of Funds" means an investment trust or investment corporation that is established under the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951, as amended) of Japan (an "investment trust") the purpose of which is to invest its assets only in beneficial interests in other investment trusts or shares of investment corporations or collective investment schemes similar thereto established under the laws of any country other than Japan.

The Company will not issue any J Shares to any Investor who is not a Japanese Fund of Funds or permit any J Share to be switched to share(s) of any other Share Class of the Company. The Directors of the Company may, at their discretion, refuse to accept any application for subscription for J Shares until and unless the Management Company notifies the Directors that it is satisfied that the applicant for subscription is a Japanese Fund of Funds.

The minimum subscription amount for J Shares is USD 5,000,000 or their near equivalent in any other freely convertible currency.

The minimum additional subscription amount for J Shares is USD 2,500,000 or their near equivalent in any other freely convertible currency.

The minimum holding amount for J Shares is USD 5,000,000 or their near equivalent in any other freely convertible currency.

P Shares

P Shares are generally issued in relation to Funds with a fixed investment horizon and are therefore only suitable for Investors who do not intend to redeem or switch their Shares before the expiry of the relevant investment horizon.

X Shares

X Shares will only be available, with prior agreement of the Management Company, to institutional investors, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

No initial charge will be payable by an Investor on the acquisition of X Shares of any Fund.

The minimum subscription amount for X Shares is EUR 25,000,000 or their near equivalent in any other freely convertible currency.

The minimum additional subscription amount for X Shares is EUR 12,500,000 or their near equivalent in any other freely convertible currency.

The minimum holding amount for X Shares is EUR 25,000,000 or their near equivalent in any other freely convertible currency.

These minima on X Shares may be waived at the Directors’ discretion from time to time.

Section 2

2. Share Dealing

2.1 Subscription for Shares

How to subscribe

Investors subscribing for Shares for the first time should complete an application form and send it with applicable identification documents by post to the Management Company. Application forms may be accepted by facsimile transmission or other means approved by the Management Company, provided that the original is immediately forwarded by post. If completed application forms and cleared funds are received by the Management Company for any Dealing Day before 1.00 p.m., except for the Funds Australian Equity, EURO Equity Secure 2010, European Defensive, European Defensive Monthly, European Defensive 6 Monthly, Global Tactical Asset Allocation and World Defensive 3 Monthly (see below) Shares will normally be issued at the relevant Net Asset Value per Share, as defined under "Calculation of Net Asset Value", determined on the Dealing Day (plus any applicable initial charge). For completed applications received after 1.00 p.m. Shares will normally be issued at the relevant Net Asset Value per Share on the immediately following Dealing Day (plus any applicable initial charge).

Each Investor will be given a personal account number which, along with any relevant transaction number, should be quoted on any payment by bank transfer. Any relevant transaction number and the personal account number should be used in all correspondence with the Management Company or any Distributor.

Different subscription procedures may apply if applications for Shares are made through Distributors.

All applications to subscribe for Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.

However, the Directors may permit, if they deem it appropriate, different dealing cut-off times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different cut-off times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable deal cut-off time applied to Shareholders must always precede the valuation point of the Funds for that Dealing Day.

The Fund EURO Equity Secure 2010 was launched on 25 October 2005 with subscriptions only being accepted on the day of launch. No further susbcriptions or switches into this Fund will be accepted.

In respect of the Funds Australian Equity, European Defensive, European Defensive Monthly, European Defensive 6 Monthly and World Defensive 3 Monthly, application forms and cleared funds must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day, as defined below under "Calculation of Net Asset Value", on that day (plus any applicable initial charge). Application forms and cleared funds for Shares received after 1.00 p.m. will be dealt with on the second following Dealing Day.

Application forms and cleared funds for the Fund Global Tactical Asset Allocation must be received before 1.00 p.m. two Business Days prior to the Dealing Day, in order to be dealt with at the relevant Net Asset Value per Share, as defined below under "Calculation of Net Asset Value", computed on that day (plus any applicable initial charge). Application forms and cleared funds for Shares received after 1.00 p.m. will be dealt with on the next Dealing Day.

Subsequent subscriptions for Shares do not require completion of an additional application form. However, Investors shall provide written instructions as agreed with the Management Company to ensure smooth processing of subsequent subscriptions. Instructions may also be made by letter, facsimile transmission, in each case duly signed, or such other means approved by the Management Company.

Confirmations of transactions will normally be dispatched on the Business Day following the execution of subscription instructions. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Investors are advised to refer to the terms and conditions on the application form to inform themselves fully of the terms and conditions to which they are subscribing.

How to pay

Payment should be made by electronic bank transfer net of all bank charges (i.e. at the Investor's expense). Further settlement details are available on the application form.

Shares are normally issued once settlement in cleared funds is received. In the case of applications from approved financial intermediaries or other investors authorised by the Management Company, the issue of Shares is conditional upon the receipt of settlement within a previously agreed period not exceeding three Business Days from the relevant Dealing Day (one Business Day for the Fund EURO Government Liquidity). If, on the settlement date, banks are not open for business in the country of the currency of

settlement, then settlement will be on the next Business Day on which those banks are open. Payment should arrive in the appropriate bank account, as specified in the settlement instructions, at the latest by 5.00 p.m. Luxembourg Time on the settlement date. Payments received after this time may be considered to have settled on the next Business Day on which the bank is open. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company. In all cases, any confirmation of transaction and any money returnable to the Investor will be held by the Management Company without payment of interest pending receipt of the remittance.

Payments in cash will not be accepted. Third party payments will only be accepted at the Management Company's discretion.

Different settlement procedures may apply if applications for Shares are made through Distributors.

Payment should normally be made in the currency of the relevant Share Class. However, a currency exchange service for subscriptions is provided by the Management Company on behalf of, and at the cost and risk of, the Investor. Further information is available from the Management Company or any of the Distributors on request.

Price Information

The Net Asset Value per Share of one or more Share Classes is published daily in such newspapers or other electronic services as determined from time to time by the Directors. It may be made available on the Schroder Investment Management (Luxembourg) S.A. Internet site "http://www.schroders.lu", and is available from the registered office of the Company. Neither the Company nor the Distributors accept responsibility for any error in publication or for non-publication of the Net Asset Value per Share.

Types of Shares

Shares are issued only in registered form.

Registered Shares are in non-certificated form. Fractional entitlements to registered Shares will be rounded to two decimal places. Shares may also be held and transferred through accounts maintained with clearing systems. For any physical bearer Share certificates in issue at the date of this Prospectus it should be noted that there may be a time delay in the issuing of any replacement physical bearer certificates and that the Management Company reserves the right to charge the Investor up to a maximum of EUR 100 per delivery for the cost of printing and handling such certificates. For the avoidance of any doubt the Company will not issue new bearer shares.

General

Instructions to subscribe, once given, are irrevocable, except in the case of a suspension or deferral of dealing. The Management Company and/or the Company in their absolute discretion reserve the right to reject any application in whole or in part. If an application is rejected, any subscription money received will be refunded at the cost and risk of the applicant without interest. Prospective applicants should inform themselves as to the relevant legal, tax and exchange control regulations in force in the countries of their respective citizenship, residence or domicile.

The Management Company may have agreements with certain Distributors pursuant to which they agree to act as or appoint nominees for Investors subscribing for Shares through their facilities. In such capacity, the Distributor may effect subscriptions, switches and redemptions of Shares in nominee name on behalf of individual Investors and request the registration of such operations on the register of Shareholders of the Company in nominee name. The Distributor or nominee maintains its own records and provides the Investor with individualised information as to its holdings of Shares. Except where local law or custom proscribes the practice, Investors may invest directly in the Company and not avail themselves of a nominee service. Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a Distributor has the right to claim, at any time, direct title to such Shares.

Subscriptions in Kind

The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant

Fund pursuant to its investment policy and restrictions. Any such subscriptions in kind will be made at the Net Asset Value of the assets contributed calculated in accordance with the rules set out in Section 2.3 hereafter and will be subject of an independent auditor's report drawn up in accordance with the requirements of Luxembourg law and will be at the subscriber's expense.

Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company.

Anti Money Laundering Procedures

Pursuant to the Luxembourg law of 19 February 1973, as amended, to combat drug addiction; the law of 5 April 1993, as amended, relating to the financial sector; the law of 12 November 2004, as amended, relating to the fight against money laundering and terrorist financing and the circular of the supervisory authority CSSF 08/387, obligations have been imposed on credit and financial institutions such as the Company to prevent money laundering and terrorist financing. As a result, the Company requires Investors to provide identification evidence. The application form of an Investor must be accompanied by, in the case of individuals, a copy of the passport or identification card and/or in the case of legal entities, a copy of the constitutional documents and an extract from the commercial register (or alternative depositary in accordance with the local law). In addition, Investors must provide, on request, information regarding professional or business activities (as appropriate) and the source of the funds to be invested. Any copy of the aforementioned documents must be certified to be a true copy by a competent authority (for example, a lawyer, a consulate, a notary or other competent authority in accordance with local law). Investors must inform the Company when any information regarding their identity, address, business or professional activity changes. The Investor due diligence procedure may be simplified or enhanced depending on the risk profile of an Investor.

Statement for the purposes of the UK Offshore Funds (Tax) Regulations 2009

In accordance with the requirements laid out in Chapter 6 of the UK Offshore Funds (Tax) Regulations 2009 (SI 2009/3001) the Directors hereby state that:

Equivalence Condition

The Company complies with the requirements of the UCITS III European directives (i.e. EC Directives 2001/107/EC and 2001/108/EEC amending Directive 85/611/CE).

Genuine Diversity of Ownership Condition

Shares in the Company are widely available to all investors who meet the broad requirements for investment in any given Share Class, and are not intended to be limited to particular investors or narrowly-defined groups of investor. Please refer to Section 1.3 for details of the minimum levels of investment and/or investor categories that are specified as eligible to acquire particular Share Classes.

Provided that a person meets the broad requirements for investment in any given Class, he/she may obtain information on and acquire the relevant Shares in the Company, subject to the paragraphs immediately following.

Investment Restrictions applying to US Investors

The Company has not been and will not be registered under the United States Investment Company Act of 1940 as amended (the "Investment Company Act"). The Shares of the Company have not been and will not be registered under the United States Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state of the United States of America and such Shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act and such state or other securities laws. The Shares of the Company may not be offered or sold within the United States or to or for the account of any US Person as defined in Rule 902 of Regulation S under the Securities Act.

Rule 902 of Regulation S under the Securities Act defines US Person to include inter alia any natural person resident of the United States and with regards to Investors other than individuals, (i) a corporation or partnership organised or incorporated under the laws of

the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to US tax on its worldwide income from all sources; or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term "US Person" also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, unless it is formed and owned by "accredited investors" (as defined in Rule 501 (a) under the Securities Act of 1933) who are not natural persons, estates or trusts.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

2.2 Redemption and Switching of Shares

Redemption Procedure

Redemption instructions accepted by the Management Company for any Dealing Day before 1.00 p.m., except for the Funds Australian Equity, EURO Equity Secure 2010, European Defensive, European Defensive Monthly, European Defensive 6 Monthly, Global Tactical Asset Allocation and World Defensive 3 Monthly (see below) or such other time at the Directors' discretion, will normally be executed at the relevant Net Asset Value per Share, as defined under "Calculation of Net Asset Value", calculated on the Dealing Day (less any applicable redemption charge). Instructions accepted by the Management Company after 1.00 p.m. will normally be executed on the following Dealing Day.

The Fund EURO Equity Secure 2010 is only valued twice a month in line with the twice monthly redemption facility. Instructions to redeem Shares must be received before 1.00 p.m. on the relevant redemption day, being first and third Wednesday of each month, in order to be dealt with at the relevant Net Asset Value per Share computed on the following Monday. However, if the redemption day is, for any reason, not a Dealing Day, instructions to redeem Shares will be received on the immediately following Dealing Day, in order to be dealt with at the relevant Net Asset Value per Share which will be accordingly computed on the following Tuesday, or, if such day is not a Dealing Day, on the immediately following Dealing Day. Instructions to redeem Shares in that Fund received after 1.00 p.m. on a redemption day will be dealt on the immediately following redemption day.

In respect of the Funds Australian Equity, European Defensive Monthly, European Defensive 6 Monthly and World Defensive 3 Monthly, redemption requests must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day. Redemption requests received after 1.00 p.m. will be dealt with on the second following Dealing Day.

Redemption requests for the Fund Global Tactical Asset Allocation must be received before 1.00 p.m. two Business Days prior to the Dealing Day, in order to be dealt with at the relevant Net Asset Value per Share, as defined below under "Calculation of Net Asset Value", computed on that day (plus any applicable initial charge). Redemption requests received after 1.00 p.m. will be dealt with on the next Dealing Day.

In cases where dealing is suspended in a Fund from which a redemption has been requested, the processing of the redemption will be held over until the next Dealing Day where dealing is no longer suspended. Redemption instructions can only be executed when previously related transaction has been completed.

Instructions to redeem shares may be given to the Management Company by completing the form requesting redemption of Shares or by letter, facsimile transmission or other

means approved by the Management Company where the account reference and full details of the redemption must be provided. All instructions must be signed by the registered Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney.

Instructions for the redemption of physical bearer Shares must be accompanied by the appropriate certificate and all relevant coupons, including details of the number of Shares to be redeemed and full settlement details. For the avoidance of any doubt the Company will not issue new bearer shares.

Redemption Proceeds

Different settlement procedures may apply if instructions to redeem Shares are communicated via Distributors.

Redemption proceeds are normally paid by bank transfer or electronic transfer, within three Business Days from the relevant Dealing Day (one Business Day for the Fund EURO Government Liquidity, four Business Days for the Fund Australian Equity and five Business Days for the Fund Global Tactical Asset Allocation) and will be instructed to be made at no cost to the Shareholder, provided the Management Company is in receipt of all documents required. The Company or Management Company are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which may occur due to the timeline for local processing of payments within some countries or by certain banks. Redemption proceeds will normally be paid in the currency of the relevant Share Class. On request, redemption proceeds paid by bank transfer may be paid in most other currencies on behalf of, at the cost and risk of, the Shareholder.

If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within three Business Days from the relevant Dealing Day (one Business Day for the Fund EURO Government Liquidity, four Business Days for the Fund Australian Equity and five Business Days for the Fund Global Tactical Asset Allocation), for example when the liquidity of the relevant Fund does not permit, then payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty Business Days) at the Net Asset Value per Share calculated on the relevant Dealing Day.

If, on the settlement date, banks are not open for business in the country of the settlement currency of the relevant Share Class, then settlement will be on the next Business Day on which those banks are open.

Redemptions in Kind

The Directors may from time to time permit redemptions in kind. Any such redemption in kind will be valued in accordance with the requirements of Luxembourg law. In case of a redemption in kind, Shareholders will have to bear costs incurred by the redemption in kind (mainly costs resulting from drawing-up of the independent auditor's report) unless the Company considers that the redemption in kind is in its own interest or made to protect its own interests. Requests for redemptions in kind may only be accepted if the total Net Asset Value of the Shares to be redeemed in a Fund is at least EUR 10,000,000 or near currency equivalent, unless otherwise determined from time to time by the Directors.

Switching Procedure

A switch transaction is a transaction by which the holding of a Shareholder into a Share Class (the "original Share Class") is converted into another Share Class (the "new Share Class") either within the same Fund or in different Funds within the Company.

Acceptance by the Management Company of switching instructions will be subject to the availability of the new Share Class and to the compliance with any eligibility requirements and/or other specific conditions attached to the new Share Class (such as minimum subscription and holding amounts). The switching procedure is processed as a redemption from the original Share Class (the "Share Class Redemption") followed by a subscription into the new Share Class (the "Share Class Subscription").

Switching instructions accepted by the Management Company on any Dealing Day which is common to the original and the new Share Class before 1.00 p.m., or such other time at the Directors' discretion, will normally be executed based on the relevant Net Asset Values per Share of both Share Classes on such Dealing Day (less any applicable switching charge). By derogation, if the settlement period in the new Share Class is shorter than that of the original Share Class, the Share Class Subscription will be deferred

to match the settlement date for the Share Class Redemption. In such case, the switch transaction will be based, for the Share Class Redemption, on the Net Asset Value per Share as of the Dealing Day the switching instruction is received (before 1.00 p.m.) and, for the Share Class Subscription, on the Net Asset Value per Share of the new Share Class on the applicable Dealing Day postponed in order to align the settlement dates of both the original and the new Share Classes.

If the original and new Share Classes are subject to different Dealing Days**,** the Share Class Redemption will be dealt with on the Dealing Day relating to the receipt of the switching instruction (if received before 1.00 p.m.) and the Share Class Subscription will be executed at the next earliest Dealing Day applicable for the new Share Class provided that in no circumstances the settlement for the Share Class Subscription will precede the Share Class Redemption. If possible both settlement periods will be aligned. Where the Share Class Redemption is settled before the Share Class Subscription the redemption proceeds will remain on the Company's collection account and no interest will accrue to the benefit of the Shareholder.

In respect of the Funds Australian Equity, European Defensive, European Defensive Monthly, European Defensive 6 Monthly and World Defensive 3 Monthly, switching instructions must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day. Switching instructions received after 1.00 p.m. will be dealt with on the second following Dealing Day. Similarly if switching is requested into those Funds, the prior notice will be taken into account for the processing of the Share Class Subscription.

Switching requests for the Fund Global Tactical Asset Allocation must be received before 1.00 p.m. two Business Days prior to the Dealing Day, in order to be dealt with at the relevant Net Asset Value per Share, as defined below under "Calculation of Net Asset Value", computed on that day (plus any applicable initial charge). Similarly if switching is requested into this Fund, the prior notice will be taken into account for the processing of the Share Class Subscription.

With regard to the Fund EURO Equity Secure 2010, the Management Company may, at its discretion, accept instructions to switch from the only available Share Class, namely P shares, into Share Class of another Fund.

The Fund EURO Equity Secure 2010 is only valued twice a month in line with the twice monthly redemption facility. Instructions to switch Shares out of the Fund must be received before 1.00 p.m. on the relevant redemption day, being the first and third Wednesday of each month, in order to be dealt with at the relevant Net Asset Value per Share computed on the following Monday (in accordance with the general principles applicable for switching described above). However, if the redemption day is, for any reason, not a Dealing Day, instructions to switch Shares out will be received on the immediately following Dealing Day, in order to be dealt with at the relevant Net Asset Value per Share which will be accordingly computed on the following Tuesday, or, if such day is not a Dealing Day, on the immediately following Dealing Day. Instructions to switch Shares out of the Fund received after 1.00 p.m. on a redemption day will be dealt on the immediately following redemption day. Please note that existing Shareholders of other Funds cannot switch into this Fund.

In cases where dealing is suspended in a Fund from or to which a switch has been requested, the processing of the switch will be held over until the next common Dealing Day where dealings are no longer suspended. The switching procedures described above will continue to apply.

Instructions to switch Shares may be given to the Management Company by completing the switch form or by letter, facsimile transmission or other means approved by the Management Company where the account reference and the number of Shares to be switched between named Share Classes and Funds must be provided. All instructions must be signed by the registered Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney.

Instructions for the switch of physical bearer Shares must be accompanied by the appropriate certificate and all relevant coupons, including details of the Share Class and number of Shares to be switched and full settlement details. For the avoidance of any doubt the Company will not issue new bearer shares.

The Directors may, at their discretion, allow certain selected Distributors to make a charge for switching which shall not exceed 1% of the value of the Share being requested to be switched.

The same principles may apply if Investors instruct switches between investment funds belonging to different legal structures within Schroders' fund ranges.

Shareholders should seek advice from their local tax advisers to be informed on the local tax consequences of such transactions.

General

The value of Shares held by any Shareholder in any one Share Class after any switch or redemption should generally exceed the minimum investment set forth under 1.3 "Share Classes" for each Share Class.

Unless waived by the Management Company, if, as a result of any switch or redemption request, the amount invested by any Shareholder in a Share Class in any one Fund falls below the minimum holding for that Share Class, it will be treated as an instruction to redeem or switch, as appropriate, the Shareholder's total holding in the relevant Share Class.

The Directors may permit, if they deem it appropriate, different dealing cut-off times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different cut-off times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable dealing cut-off time applied to Shareholders must always precede the time when the applicable Net Asset Value per Share is published.

Confirmations of transactions will normally be dispatched by the Management Company on the next Business Day after Shares are switched or redeemed. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Delay in providing the relevant documents may cause the instruction to be delayed or lapse and be cancelled. Due to the settlement period necessary for redemptions, switch transactions will not normally be completed until the proceeds from the redemption are available.

Switch or redemption requests will be considered binding and irrevocable by the Management Company and will, at the discretion of the Management Company, only be executed where the relevant Shares have been duly issued.

Different redemption and switching procedures may apply if instructions to switch or redeem Shares are communicated via Distributors.

Instructions to make payments to third parties will only be accepted at the Management Company's discretion.

All instructions to redeem or switch Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.

2.3 Calculation of Net Asset Value

Calculation of the Net Asset Value per Share

(A) The Net Asset Value per Share of each Share Class will be calculated on each Dealing Day in the currency of the relevant Share Class. It will be calculated by dividing the Net Asset Value attributable to each Share Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Share Class then in issue. The resulting sum shall be rounded to the nearest two decimal places.

(B) The Directors reserve the right to allow the Net Asset Value per Share of each Share Class to be calculated more frequently than once daily, or to otherwise alter dealing arrangements on a permanent or a temporary basis, for example, where the Directors consider that a material change to the market value of the investments in one or more Funds so demands. The Prospectus will be amended, following any such permanent alteration, and Shareholders will be informed accordingly.

(C) In valuing total assets, the following rules will apply:

(1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such

discount as the Company may consider appropriate in such case to reflect the true value thereof.

(2) The value of such securities, financial derivative instruments and assets will be determined on the basis of the last available price on the stock exchange or any other Regulated Market on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or by more than one stock exchange or any other Regulated Market, the Directors shall make regulations for the order of priority in which stock exchanges or other Regulated Markets shall be used for the provisions of prices of securities or assets.

(3) If a security is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities so traded or admitted the last available price of which does not reflect their true value, the Directors are required to proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.

(4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative. The reference to fair value shall be understood as a reference to the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction. The reference to reliable and verifiable valuation shall be understood as a reference to a valuation, which does not rely only on market quotations of the counterparty and which fulfils the following criteria:

(I) The basis of the valuation is either a reliable up-to-market value of the instrument, or, if such value is not available, pricing model using an adequate recognised methodology.

(II) Verification of the valuation is carried out by one of the following:

(a) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that the Company is able to check it;

(b) a unit within the Company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.

(5) Units or shares in UCIs shall be valued on the basis of their last available Net Asset Value as reported by such undertakings.

(6) Liquid assets and money market instruments held within the Liquidity Funds will usually be valued on an amortised cost basis.

(7) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Company's assets, the Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.

(8) Any assets or liabilities in currencies other than the base currency of the Funds will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

(D) If on any Dealing Day the aggregate transactions in Shares of a Fund result in a net increase or decrease of Shares which exceeds a threshold set by the Directors from time to time for that Fund (relating to the cost of market dealing for that Fund), the Net Asset Value of the Fund will be adjusted by an amount (not exceeding 2% of that Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the Fund invests. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. Please see "Dilution" and "Dilution Adjustment" below for more details.

Dilution

The Funds are single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Fund. This is known as

"dilution". In order to counter this and to protect Shareholders' interests, the Management Company will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Management Company will make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

Dilution Adjustment

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switches and redemptions received by a Fund for each Dealing Day. The Management Company therefore reserves the right to make a dilution adjustment where a Fund experiences a net cash movement which exceeds a threshold set by the Directors from time to time of the previous Dealing Day's total Net Asset Value.

The Management Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

Where a dilution adjustment is made, it will typically increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in the Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class identically.

As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Management Company will need to make such dilution adjustments.

Because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but will not exceed 2% of the relevant Net Asset Value.

The Directors are authorised to apply other appropriate valuation principles for the assets of the Funds and/or the assets of a given Share Class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

2.4 Suspensions or Deferrals

The Company reserves the right not to accept instructions to redeem or switch on any one Dealing Day more than 10% of the total value of Shares in issue of any Fund. In these circumstances, the Directors may declare that the redemption of part or all Shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next Dealing Day and will be valued at the Net Asset Value per Share prevailing on that Dealing Day. On such Dealing Day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the Management Company.

(B) The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty Business Days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of a Fund are invested or in exceptional circumstances where the liquidity of a Fund is not sufficient to meet the redemption requests.

(C) The Company may suspend or defer the calculation of the Net Asset Value per Share of any Share Class in any Fund and the issue and redemption of any Shares in such Fund, as well as the right to switch Shares of any Share Class in any Fund into Shares of the same Share Class of the same Fund or any other Fund:

(1) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Company's investments of the relevant Share Class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or

(2) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Fund by the Company is impracticable; or

(3) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange; or

(4) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or

(5) if the Company is being or may be wound-up on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind up the Company is proposed; or

(6) if the Directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable to a particular Share Class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or

(7) during any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment.

(D) The suspension of the calculation of the Net Asset Value per Share of any Fund or Share Class shall not affect the valuation of other Funds or Share Classes, unless these Funds or Share Classes are also affected.

(E) During a period of suspension or deferral, a Shareholder may withdraw his request in respect of any Shares not redeemed or switched, by notice in writing received by the Management Company before the end of such period.

Shareholders will be informed of any suspension or deferral as appropriate.

2.5 Market Timing and Frequent Trading Policy

The Company does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

For the purposes of this section, market timing is held to mean subscriptions into, switches between or redemptions from the various Share Classes (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, switches between or redemptions from the various Share Classes (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Fund's other Shareholders.

Accordingly, the Directors may, whenever they deem it appropriate, cause the Management Company to implement either one, or both, of the following measures:

— The Management Company may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Directors reserve the right to cause the Management Company to reject any application for switching and/or subscription of Shares from Investors whom the former considers market timers or frequent traders.

— If a Fund is primarily invested in markets which are closed for business at the time the Fund is valued, the Directors may, during periods of market volatility, and by derogation from the provisions above, under "Calculation of Net Asset Value", cause the Management Company to allow for the Net Asset Value per Share to be adjusted to reflect more accurately the fair value of the Fund's investments at the point of valuation.

In practice, the securities of Funds investing in non-European markets are usually valued on the basis of the last available price at the time when the Net Asset Value per Share is calculated. The time difference between the close of the markets in which a Fund invests

and the point of valuation can be significant. For example, in the case of US traded securities the last available price may be as much as 17 hours old. Developments that could affect the value of these securities, which occur between the close of the markets and the point of valuation, will not, therefore, normally be reflected in the Net Asset Value per Share of the relevant Fund.

As a result, where the Directors believe that a significant event has occurred between the close of the markets in which a Fund invests and the point of valuation, and that such event will materially affect the value of that Fund's portfolio, they may cause the Management Company to adjust the Net Asset Value per Share so as to reflect what is believed to be the fair value of the portfolio as at the point of valuation.

The level of adjustment will be based upon the movement in a chosen surrogate up until the point of valuation, provided that such movement exceeds the threshold as determined by the Directors for the relevant Fund. The surrogate will usually be in the form of a futures index, but might also be a basket of securities, which the Directors believe is strongly correlated to, and representative of, the performance of the Fund.

Where an adjustment is made as per the foregoing, it will be applied consistently to all Share Classes in the same Fund.

As at the date of issue of this Prospectus, it is intended that the measure described above, known as fair value pricing, only be applied to those Funds which have a significant exposure to securities traded on the US market. The Directors, however, reserve the right to extend the implementation of fair value pricing in respect of other Funds whenever they deem it appropriate.

Section 3

3. General Information

3.1 Administration Details, Charges and Expenses

Directors

Each of the Directors of the Company is entitled to remuneration for his services at a rate determined by the Company in the general meeting from time to time. In addition, each Director may be paid reasonable expenses incurred while attending meetings of the Board of Directors or general meetings of the Company. Directors of the Company who are also directors/employees of the Management Company and/or any Schroders' company will waive their Directors' remuneration. External Directors will be remunerated for their services, though Jacques Elvinger does not receive any direct remuneration for services as Director. However, he is a partner at Elvinger, Hoss&Prussen, the Principal Legal Adviser of the Company, which receive fees in that capacity.

Management Company

The Directors have appointed Schroder Investment Management (Luxembourg) S.A. as its management company to perform investment management, administration and marketing functions as described in Annex 2 of the law on undertakings for collective investment dated 20 December 2002 (the "Law of 20 December 2002").

The Management Company has been permitted by the Company to delegate certain administrative, distribution and management functions to specialised service providers. In that context, the Management Company has delegated certain administration functions to J.P. Morgan Bank (Luxembourg) S.A. and may delegate certain marketing functions to entities which form part of the Schroders group. The Management Company has also delegated certain management functions to the Investment Managers as more fully described below.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give at any time further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company is entitled to receive the customary charges for its services as administration agent, coordinator, domiciliary agent, global distributor, principal paying agent and registrar and transfer agent. These fees accrue on each Dealing Day at an annual rate of up to 0.4% by reference to the Net Asset Value of the relevant Fund and are paid monthly in arrears. These fees are subject from time to time to review by the Management Company and the Company. The Management Company is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred in carrying out its duties.

Schroder Investment Management (Luxembourg) S.A. was incorporated as a "Société Anonyme" in Luxembourg on 23 August 1991 and has an issued and fully paid up share capital of EUR 12,650,000. Schroder Investment Management (Luxembourg) S.A. has been authorised as a management company under chapter 13 of the Law of 20 December 2002 and, as such, provides collective portfolio management services to UCIs.

The Management Company is also acting as a management company for three other Luxembourg domiciled Sociétés d'Investissement à Capital Variable: Schroder Special Situations Fund, Schroder Alternative Solutions and Strategic Solutions.

The directors of the Management Company are:

- Markus Ruetimann, Group Head of Operations and Information Technology, Schroder Investment Management Limited
- Noel Fessey, Managing Director, Schroder Investment Management (Luxembourg) S.A.
- Gary Janaway, Director of Operations, Schroder Investment Management (Luxembourg) S.A.
- Marco Zwick, Global Head of Compliance, Schroder Investment Management (Luxembourg) S.A.
- Finbarr Browne, Head of Finance, Schroder Investment Management (Luxembourg) S.A.

— Christian Cano, General Counsel (Asset Management), Schroder Investment Management Limited.

Investment Managers

The Investment Managers may on a discretionary basis acquire and dispose of securities of the Funds for which they have been appointed as investment adviser and manager, subject to and in accordance with instructions received from the Management Company and/or the Company from time to time, and in accordance with stated investment objectives and restrictions. The Investment Managers are entitled to receive as remuneration for their services management fees, as more fully described below. Such fees are calculated and accrued on each Dealing Day by reference to the Net Asset Values of the Funds and paid monthly in arrears.

Management Fees (per annum)

Funds	A, AX, B and D	A1 and B1	C
Mainstream Equity Funds			
Australian Equity	1.50%	1.50%	1.00%
EURO Equity	1.50%	1.50%	0.75%
European Large Cap	1.25%	1.50%	0.75%
Global Equity	1.25%	1.50%	0.75%
Italian Equity	1.25%	1.50%	0.75%
Japanese Equity	1.25%	1.50%	0.75%
Japanese Large Cap	1.25%	1.50%	0.75%
Pacific Equity	1.50%	1.50%	0.75%
Swiss Equity	1.25%	1.50%	0.75%
UK Equity	1.25%	1.50%	0.75%
US All Cap	1.25%	1.25%	0.75%
US Large Cap	1.25%	1.50%	0.75%
Specialist Equity Funds			
Asian Equity Yield	1.50%	1.50%	1.00%
Asian Smaller Companies	1.50%	1.50%	1.00%
Asia Pacific Property Securities	1.50%	1.50%	1.00%
Asian Total Return	1.50%	1.50%	0.75%
Brazilian Equity	1.50%	1.50%	1.00%
BRIC (Brazil, Russia, India, China)	1.50%	1.50%	1.00%
China Opportunities	1.50%	1.50%	1.00%
Emerging Asia	1.50%	1.50%	1.00%
Emerging Europe	1.50%	1.50%	1.00%
Emerging Markets	1.50%	1.50%	1.00%
Emerging Markets Commodity Equity	1.50%	1.50%	1.00%
European Dividend Maximiser	1.50%	1.50%	1.00%
European Equity Yield	1.50%	1.50%	1.00%
European Special Situations	1.50%	1.50%	1.00%
European Smaller Companies	1.50%	1.50%	1.00%
Frontier Markets Equity	1.50%	1.50%	1.00%
Global Climate Change Equity	1.50%	1.50%	1.00%
Global Demographics & Wealth Dynamics	1.50%	1.50%	1.00%
Global Dividend Maximiser	1.50%	1.50%	1.00%
Global Emerging Market Opportunities	1.50%	1.50%	1.00%
Global Energy	1.50%	1.50%	1.00%
Global Equity Yield	1.50%	1.50%	1.00%
Global Property Securities	1.50%	1.50%	1.00%
Global Resources Equity	1.50%	1.50%	1.00%

Funds	A, AX, B and D	A1 and B1	C
Global Small Cap Energy	1.50%	1.50%	1.00%
Global Smaller Companies	1.50%	1.50%	1.00%
Greater China	1.50%	1.50%	1.00%
Hong Kong Equity	1.50%	1.50%	1.00%
Indian Equity	1.50%	1.50%	1.00%
Japanese Smaller Companies	1.50%	1.50%	1.00%
Korean Equity	1.50%	1.50%	1.00%
Latin American	1.50%	1.50%	1.00%
Middle East	1.50%	1.50%	1.00%
Swiss Small & Mid Cap Equity	1.50%	1.50%	1.00%
Swiss Equity Opportunities	1.50%	1.50%	1.00%
Taiwanese Equity	1.50%	1.50%	1.00%
US Small & Mid-Cap Equity	1.50%	1.50%	1.00%
US Smaller Companies	1.50%	1.50%	1.00%
Style Equity Funds			
EURO Active Value	1.50%	1.50%	1.00%
EURO Dynamic Growth	1.50%	1.50%	1.00%
European Small & Mid-Cap Value	1.50%	1.50%	1.00%
Alpha Equity Funds			
European Equity Alpha	1.50%	1.50%	1.00%
Global Equity Alpha	1.50%	1.50%	1.00%
Japanese Equity Alpha	1.50%	1.50%	1.00%
Quantitative Equity Funds			
QEP Global Core	N/A	N/A	0.275%
QEP Global Active Value	1.25%	1.50%	1.00%
QEP Global Dynamic Blend	1.25%	1.50%	1.00%
QEP Global Quality	1.25%	1.50%	1.00%
QEP US Core	N/A	N/A	0.225%
Asset Allocation Funds			
European Allocation	1.25%	1.50%	0.75%
Global Allocation	1.25%	1.50%	0.75%
Global Tactical Asset Allocation	1.50%	1.50%	1.00%
Absolute Return Funds			
Asian Bond [1]	1.25%	(A1) 1.25% (B1) 1.00%	0.75%
Emerging Europe Debt Absolute Return	1.50%	(A1) 1.50% (B1) 1.00%	0.90%
Emerging Markets Debt Absolute Return	1.50%	(A1) 1.50% (B1) 1.00%	0.90%
EURO Credit Absolute Return	1.00%	1.00%	0.55%
Mainstream Bond Funds			
EURO Bond	0.75%	0.75%	0.50%
EURO Bond Core	0.70%	0.70%	0.45%
EURO Income Bond	0.75%	0.75%	0.45%
EURO Short Term Bond	0.50%	0.50%	0.20%
EURO Government Bond	0.50%	0.50%	0.20%
Global Bond	0.75%	0.75%	0.50%
Global Inflation Linked Bond	0.75%	0.75%	0.50%
Hong Kong Dollar Bond	0.75%	0.75%	0.50%

[1] The Fund Asian Bond will renamed as Asian Bond Absolute Return as at 1 August 2010.

Funds	A, AX, B and D	A1 and B1	C
Japanese Bond	0.75%	0.75%	0.40%
US Dollar Bond	0.75%	0.75%	0.50%
Specialist Bond Funds			
Asian Convertible Bond	1.25%	1.25%	0.75%
Asian Local Currency Bond	1.00%	1.00%	0.60%
EURO Corporate Bond	0.75%	0.75%	0.45%
EURO Monthly High Income Bond	1.00%	1.00%	0.45%
Global Convertible Bond	1.25%	1.25%	0.75%
Global Corporate Bond	0.75%	0.75%	0.45%
Global Corporate Bond Core	0.70%	0.70%	0.40%
Global Credit Duration Hedged	0.75%	0.75%	0.50%
Global High Income Bond	0.95%	0.95%	0.55%
Global High Yield	1.00%	1.00%	0.60%
Strategic Bond	1.00%	1.00%	0.60%
Defensive Funds			
EURO Equity Secure 2010	N/A	N/A	N/A
European Defensive	(A) 1.25% (B) 1.00%	(A1) 1.25%	N/A
European Defensive Monthly[2]	(A) 1.25% (B) 1.00%	(A1) 1.25%	N/A
European Defensive 6 Monthly[2]	(A) 1.25% (B) 1.00%	(A1) 1.25%	N/A
World Defensive 3 Monthly[2]	(A) 1.25% (B) 1.00%	(A1) 1.25%	N/A
Liquidity Funds			
EURO Liquidity	0.50%	0.50%	0.20%
EURO Government Liquidity	0.40%	0.40%	0.15%
US Dollar Liquidity	0.50%	0.50%	0.20%
Currency Funds			
Global Managed Currency	1.00%	1.00%	0.50%

As I and J Shares are, inter alia, designed to accommodate an alternative charging structure whereby the Investor is a client of Schroders and is charged management fees directly by Schroders, no management fees will be payable in respect of I and J Shares out of the net assets of the relevant Fund. I and J Shares will bear their pro-rata share of the fees payable to the Custodian and the Management Company, as well as of other charges and expenses.

In respect of P Shares, the management fees will not be determined by reference to the Net Asset Value of the Fund in respect of which the P Shares have been issued, but by reference to the fixed initial offer price at which such P Shares have initially been issued. In the case of EURO Equity Secure 2010, where Shares have been offered initially at a price of USD 1,000 per Share, management fees of up to 1.10% per annum will be levied. Up to 0.60% per annum of this fee will be deducted as a single amount without discounting at the launch of the Fund, with the remainder being charged on an ongoing basis. Such percentages will be applied to the total amount resulting from multiplying the initial offer price per Share of USD 1,000 by the number of Shares in issue at the relevant time. In addition, the Investment Manager may apply a redemption charge of up to 2.50% applied to the total amount resulting from multiplying the Net Asset Value per Share by the number of Shares in issue. The management fees and redemption charge actually applied will be disclosed in the periodical reports published by the Company.

In respect of X Shares, the management fees per annum will be up to 1.00% per annum.

[2] The Funds European Defensive Monthly, European Defensive 6 Monthly and World Defensive 3 Monthly will be merged on 30 June 2010 into the Fund European Defensive and no further subscriptions will be accepted as from 21 May 2010.

In certain countries, Investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

Regular savings plans may be available in certain countries. If a savings plan is terminated before the agreed final date, the amount of the initial charge paid may be greater than it would have been in the case of a standard subscription.

Redemption charge

The Company may introduce a redemption charge based on the Net Asset Value per Share of the relevant Share Classes of the relevant Fund in favour of the Fund. At the time of this Prospectus, there are no Funds to which such a redemption charge is applicable.

Performance Fees

In consideration of the services provided by the respective Investment Managers in relation to the Funds, the Investment Managers are entitled to receive a performance fee, in addition to management fees. It should also be noted that the performance fee is calculated prior to any dilution adjustments.

The performance fee becomes due in the event of outperformance, that is, if the increase in the Net Asset Value per Share during the relevant performance period exceeds the increase in the relevant benchmark (see below) over the same period, in accordance with the high water mark principle, i.e. by reference to the Net Asset Value per Share at the end of any previous performance period (the High Water Mark). The performance period shall normally be each financial year except that where the Net Asset Value per Share as at the end of the financial year is lower than the High Water Mark, the performance period will commence on the date of the High Water Mark. If a performance fee is introduced on a Fund during a financial year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee is set at 15% (except for the Fund Global Tactical Asset Allocation, which is set at 10%) of the outperformance as defined above, and is payable yearly during the month immediately following the end of each calendar year.

The performance fee, if applicable, is payable yearly during the month immediately following the end of each financial year. In addition if a Shareholder redeems or switches all or part of their Shares before the end of a performance period, any accrued performance fee with respect to such Shares will crystallise on that Dealing Day and will then become payable to the Investment Manager. The High Water Mark is not reset on those Dealing Days at which performance fees crystallise following the redemption or switch of Shares.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the same Fund, which therefore may become subject to different amounts of performance fee.

A Share Class' performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day (before deduction of any provision for the performance fee), and the higher of the Target Net Asset Value per Share (i.e. the hypothetical Net Asset Value per Share assuming a performance based on the benchmark until the preceding Dealing Day) or the High Water Mark, multiplied by the average number of Shares in issue over the accounting period.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Share Class performance, positive or negative, calculated as described above. If the Net Asset Value per Share on the Dealing Day is lower than the Target Net Asset Value per Share or the High Water Mark, the provision made on such Dealing Day is returned to the relevant Share Class within the relevant Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Manager pay money into a Fund or to any Shareholder for any underperformance.

At the time of issue of this Prospectus, the relevant Funds and Share Classes in relation to which a performance fee may be introduced are:

Fund	Share Classes
Asian Convertible Bond	A, AX, A1, B, C, D and X
Asian Smaller Companies	A, AX, A1, B, C, D and X
European Equity Alpha	A, AX, A1, B, C, D and X
European Special Situations	A, AX, A1, B, C, D and X
Frontier Markets Equity	A, AX, A1, B, C, D and X
Global Small Cap Energy	A, AX, A1, B, C, D and X
Global Smaller Companies	A, AX, A1, B, C, D and X
Global Tactical Asset Allocation	A, AX, A1, B, C, D and X
Japanese Equity Alpha	A, AX, A1, B, C, D and X
Swiss Equity Opportunities	A, AX, A1, B, C, D and X
US All Cap	A, AX, A1, B, C, D and X

For the purpose of calculating the outperformance, the relevant benchmark for each Fund will be as follows:

Fund	Benchmark
Asian Convertible Bond	UBS Asia ex Japan
Asian Smaller Companies	MSCI AC Far East Ex Japan
European Equity Alpha	MSCI Europe
European Special Situations	MSCI Europe
Frontier Markets Equity	MSCI Frontier Markets
Global Small Cap Energy	MSCI World Energy
Global Smaller Companies	S&P Developed SmallCap Index
Global Tactical Asset Allocation	BBA Libor USD 3 Month Act 360
Japanese Equity Alpha	The TOPIX Index (Tokyo)
Swiss Equity Opportunities	Swiss Performance Index (SPI)
US All Cap	S&P 500 Index TR

For the avoidance of doubt, the above mentioned benchmarks are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style. In relation to currency hedged Share Classes, currency hedged versions of the above mentioned benchmarks (including currency equivalent cash benchmarks) are used for performance fee calculation purposes.

Marketing of the Shares and terms applying to Distributors

The Management Company shall perform its marketing functions by appointing and, as the case may be, terminating, coordinating among and compensating third party distributors of good repute in the countries where the Shares of the Funds may be distributed or privately placed. Third party distributors shall be compensated for their distribution, shareholder servicing and expenses. Third party distributors may be paid a portion or all of the initial charge, distribution charge, shareholder servicing fee, and management fee.

Distributors may only market the Company's Shares if the Management Company has authorised them to do so.

Distributors shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. Distributors shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients.

Distributors must not act in any way that would be damaging or onerous on the Company in particular by submitting the Company to regulatory, fiscal or reporting information it would otherwise not have been subject to. Distributors must not hold themselves out as representing the Company.

Structured Products

Investment in the Shares for the purpose of creating a structured product replicating the performance of the Funds is only permitted after entering into a specific agreement to this effect with the Management Company. In the absence of such an agreement, the Management Company can refuse an investment into the Shares if this is related to a structured product and deemed by the Management Company to potentially conflict with the interest of other Shareholders.

Custodian

J.P. Morgan Bank Luxembourg S.A. has been appointed as Custodian of the Company. J.P. Morgan Bank Luxembourg S.A. was incorporated as a "Société Anonyme" for an unlimited duration on May 16, 1973 and has its registered office at European Bank & Business Centre, 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. On 31 December 2008, its capital reserves amounted to USD 568,756,283. The principal activities of J.P. Morgan Bank Luxembourg S.A. are custodial and investment administration services.

All cash, securities and other assets constituting the assets of the Company shall be held under the control of the Custodian on behalf of the Company and its Shareholders. The Custodian shall ensure that the issue and redemption of Shares in the Company and the application of the Company's income are carried out in accordance with the provisions of Luxembourg law and the Articles, and the receipt of funds from transactions in the assets of the Company are received within the usual time limits. The Custodian may receive a fee in relation to these fiduciary services, which is set at a rate of up to 0.005% per annum of the Net Asset Value of the Company.

The Custodian will receive from the Company such fees and commissions as are in accordance with usual practice in Luxembourg as well as accounting fees covering the Company's accounting. The custody safe keeping services and transaction fees are paid on a monthly basis andcalculated and accrued on each Dealing Day. The percentage rate of the safekeeping fee and the level of transaction fees vary, according to the country in which the relevant activities take place, up to a maximum of 0.5% per annum and USD 150 per transaction respectively.

Fees relating to core fund accounting and valuation services are calculated and accrued on each Dealing Day at an annual rate of up to 0.02% of the Net Asset Value of a Fund, subject to an annual minimum fee of USD 20,000. Additional fees may be due from each Fund for additional services such as non-standard valuations; additional accounting services, for example performance fee calculations; and for tax reporting services.

Fiduciary fees, custody safekeeping and transaction fees, together with fund accounting and valuation fees, may be subject to review by the Custodian and the Company from time to time. In addition, the Custodian is entitled to any reasonable expenses properly incurred in carrying out its duties.

The amounts paid to the Custodian will be shown in the Company's financial statements.

The Custodian has also been appointed to act as listing agent for the Company in relation to the listing of its Shares on the Luxembourg Stock Exchange and will receive customary fees for the performance of its duties as such.

Other Charges and Expenses

The Company will pay all charges and expenses incurred in the operation of the Company including, without limitation, taxes, expenses for legal and auditing services, brokerage, governmental duties and charges, stock exchange listing expenses and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the Shares of the Company may be marketed in different countries; expenses incurred in the issue, switch and redemption of Shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of Share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs of printing proxies, statements, Share certificates or confirmations of transactions, Shareholders' reports, prospectuses and supplementary documentation, explanatory brochures and any other periodical information or documentation.

In addition to standard banking and brokerage charges paid by the Company, Schroders' companies providing services to the Company may receive payment for these services. Investment Managers may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Company, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Company. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice.

3.2 Company Information

(A) The Company is an umbrella structured open-ended investment company with limited liability, organised as a "société anonyme" and qualifies as a "Société d'Investissement à Capital Variable" ("SICAV") under Part I of the Law of 20 December 2002. The Company was incorporated on 5 December 1968 and its Articles were published in the Mémorial on 16 December 1968. The Articles were last amended on 25 November 2008 by a notarial deed published in the Mémorial on 15 December 2008.

The Company is registered under Number B-8202 with the "Registre de Commerce et des Sociétés", where the Articles of the Company have been filed and are available for inspection. The Company exists for an indefinite period.

(B) The minimum capital of the Company required by Luxembourg law is EUR 1,250,000. The share capital of the Company is represented by fully paid Shares of no par value and is at any time equal to its net asset value. Should the capital of the Company fall below two thirds of the minimum capital, an extraordinary general meeting of Shareholders must be convened to consider the dissolution of the Company. Any decision to liquidate the Company must be taken by the simple majority of the votes of the Shareholders present or represented at the meeting. Where the share capital falls below one quarter of the minimum capital, the Directors must convene an extraordinary general meeting of Shareholders to decide upon the liquidation of the Company. At that meeting, the decision to liquidate the Company may be taken by Shareholders holding together one quarter of the votes cast of the Shares present or represented.

(C) The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into:

(1) Fund Services Agreement between the Company and Schroder Investment Management (Luxembourg) S.A. under which the Company appoints Schroder Investment Management (Luxembourg) S.A. as its Management Company,

(2) Global Custody Agreement between the Company and J.P. Morgan Bank Luxembourg S.A.

The material contracts listed above may be amended from time to time by agreement between the parties thereto.

Documents of the Company

Copies of the Articles, Prospectus and financial reports may be obtained free of charge and upon request, from the registered office of the Company. The material contracts referred to above are available for inspection during normal business hours, at the registered office of the Company.

Historical Performance of the Funds

Past performance information for each Fund in operation for more than one financial year of the Company is carried in that Fund's Simplified Prospectus, which is available from the registered office of the Company and on the internet at http://www.schroders.lu. Past performance information is also available in the Fund fact sheets found on the internet at http://www.schroders.lu (except for the Fund EURO Equity Secure 2010) and upon request from the registered office of the Company.

Queries and Complaints

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the

Compliance Officer, Schroder Investment Management (Luxembourg) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg.

3.3 Dividends

Dividend Policy

It is intended that the Company will distribute dividends to holders of Distribution Shares in the form of cash in the relevant Share Class currency.

The Company offers different types of Distribution Share Classes as explained in more detail below. Distribution Share Classes may differ in terms of their distribution frequency and in terms of the basis for calculating the dividend.

Distribution Frequency

Dividends will either be declared as annual dividends by the Annual General Meeting of Shareholders or may be paid by the Fund more frequently as deemed appropriate by the Directors.

Dividend Calculation

Distribution Share Classes based on Investment Income After Expenses

The policy for Distribution Share Classes is to distribute substantially all the investment income for the period after deduction of expenses. Where applicable the Directors will declare such dividends as are necessary to meet the requirements of UK Distributor Status rules (see 3.4 Taxation – UK Tax Considerations for more details). The Directors may also determine if and to what extent dividends may include distributions from both realised and unrealised capital gains within the limits set up by Luxembourg law.

Distribution Share Classes with Fixed Dividends

Distribution Share Classes will generally distribute all of the investment income after expenses. The Company may however offer other Distribution Share Classes where the dividend is based on a fixed amount or fixed percentage of the Net Asset Value per Share. The Directors will periodically review fixed Distribution Share Classes and reserve the right to make changes, for example if the investment income after expenses is higher than the target fixed distribution the Directors may declare the higher amount to be distributed. Equally the Directors may deem it is appropriate to declare a dividend lower than the target fixed distribution.

Dividends may be paid out of capital and reduce the relevant Fund's Net Asset Value. Dividends paid out of capital could be taxed as income in certain jurisdictions.

Dividend Calendar

A dividend calendar including details on the distribution frequency and the dividend calculation basis for all available Share Classes can be requested from the Management Company and is available on www.schroders.lu.

The Board of Directors may decide that dividends be automatically reinvested by the purchase of further Shares. However, no dividends will be distributed if their amount is below the amount of EUR 50 or its equivalent. Such amount will automatically be reinvested in new Shares, other than in respect of B1 shares where there is no reinvestment facility and any amount of dividend will be paid in cash.

Dividends to be reinvested will be paid to the Management Company who will reinvest the money on behalf of the Shareholders in additional Shares of the same Share Class. Such Shares will be issued on the payment date at the Net Asset Value per Share of the relevant Share Class in non-certificated form. Fractional entitlements to registered Shares will be recognised to two decimal places.

Income equalisation arrangements are applied in the case of all distributing Share Classes. These arrangements are intended to ensure that the income per share which is distributed in respect of a Distribution Period is not affected by changes in the number of Shares in issue during that period.

Dividends due on bearer Shares will be distributed in accordance with the dividend payment instruction given by holders of bearer Shares to the Management Company, on deposit of relevant coupons.

Dividend payments and dividends due on bearer Shares remaining unclaimed five years after the dividend record date will be forfeited and will accrue for the benefit of the relevant Fund.

3.4 Taxation

The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg. It is therefore subject to any future changes.

Taxation of the Company

The Company is not subject to any taxes in Luxembourg on income or capital gains. The only tax to which the Company in Luxembourg is subject is the "taxe d'abonnement" to a rate of 0.05% per annum based on the Net Asset Value of each Fund at the end of the relevant quarter, calculated and paid quarterly. In respect of any Share Class or Fund which comprises only institutional investors (within the meaning of Article 129 of the Law of 20 December 2002) and of the Funds EURO Liquidity, EURO Government Liquidity and US Dollar Liquidity (registered on the list of UCIs that benefit from reduced taxe d'abonnement in accordance with Article 129 of the Law of 20 December 2002), the tax levied will be at the rate of 0.01% per annum.

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the countries of origin. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

General

The foregoing is based on the Directors' understanding of the law and practice in force at the date of this document and applies to Investors acquiring Shares in the Company as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences of buying, holding, transferring, switching, redeeming or otherwise dealing in the Company's Shares under the laws of their countries of citizenship, residence and domicile.

Taxation of Shareholders

Shareholders are not normally subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in Luxembourg except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg, and except for certain former residents of Luxembourg and non-residents if owning more than 10% of the share capital of the Company, disposing of it in whole or part within six months of acquisition.

Shareholders should consult their tax advisers for a more detailed analysis of tax issues arising for them from investing in the Company.

EU Tax Considerations for individuals resident in the EU or in certain third countries or dependent or associated territories

On 3 June 2003 the European Union ("EU") adopted Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Directive"). Under the Directive, member states of the EU ("Member States") in whose jurisdiction a paying agent (as defined in the Directive) pays interest or other similar income to an individual who is resident in another Member State for tax purposes must provide the tax authorities of that other Member State with detailed information about such payments. Austria, Belgium and Luxembourg have, for a transitional period, the right not to do so provided that they must instead withhold tax on such payments. Switzerland, Monaco, Liechtenstein, Andorra, San Marino, the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.

Luxembourg's law of 21 June 2005 (the "Law") implemented the Directive.

Dividends distributed by any of the Company's Funds will be subject to the Directive and the Law if more than 15% of that Fund's assets are invested in debt claims (as defined in the Law). Proceeds realised by Shareholders on the redemption or sale of Shares in a Fund will be subject to the Directive and the Law if more than 40% of that Fund's assets are invested in debt claims.

The applicable withholding tax is at a rate of 20% until 30 June 2011 and will be at a rate of 35% from 1 July 2011 onwards.

Subject to the provisions of the immediately following paragraph, if a Luxembourg paying agent pays dividends or redemption proceeds directly to a Shareholder who is an individual resident for tax purposes in another Member State or certain of the above mentioned dependent or associated territories, such payment will be subject to withholding tax at the rate described above.

No tax will be withheld by a Luxembourg paying agent if the relevant individual either (i) expressly instructs the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) presents to the paying agent a certificate, which was drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes. Information on how to instruct the Company's Luxembourg paying agent to report information to the tax authorities of other Member States is available from the Company's registered office. Shareholders may instruct the paying agent to report such information at any time.

The Company reserves the right to reject any application for Shares if the information provided by the applicant does not satisfy the requirements of the Law.

The Company does not provide legal or tax advice and accepts no responsibility for its Shareholders' actions under the Directive or the Law. Shareholders who need further advice should seek it from independent professional advisors.

UK Tax Considerations

Offshore Fund Legislation

All Share Classes in the Company meet the definition of an offshore fund as laid out in relevant UK tax legislation. Accordingly, UK investors should be aware of the following.

For the accounting period ending 31 December 2010, the Company has opted to continue to be subject to the Offshore Fund legislation contained in Chapter V of Part XVII of the Income and Corporation Taxes Act 1988 (the "current regime"). Under the current regime, unless a Share Class is certified by HM Revenue & Customs as a "distributing" Share Class, any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of Shares (including a deemed disposal on death) will be taxed as offshore income gains rather than capital gains.

Distributor Status

All A and C Distribution Share Classes are managed to be qualified as "distributing Share Classes" for taxation purposes, except for the following:

Funds

- Schroder International Selection Fund Asia Pacific Property Securities
- Schroder International Selection Fund European Defensive
- Schroder International Selection Fund Frontier Markets Equity
- Schroder International Selection Fund Global Property Securities
- Schroder International Selection Fund Middle East

Provided distributor status is obtained, any capital gain on disposal of distributing A and C Shares will not be reclassified as an offshore income gain under the current regime, subject to the Share Class having been certified throughout the Shareholder's holding period. A list of certification dates is published on the HMRC website www.hmrc.gov.uk/offshorefunds/offshore-funds.pdf.

For 2011 and future periods, the Company will commence being subject to the new Offshore Funds legislation contained in the Finance Act 2008 and the Offshore Funds (Tax) Regulations (SI 2009/3001) (the "new regime").

Under the new regime, unless a Share Class is approved by HM Revenue & Customs as a "reporting fund", any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of Shares (including a deemed disposal on death) will be taxed as offshore income gains rather than capital gains.

Reporting Fund Status

It is currently the Directors' intention that the following Share Classes will seek approval as reporting funds:

— All A and C Distribution Share Classes

— All A and C Accumulation Share Classes denominated in a given Fund's base currency and in GBP, where different.

The Directors may decide to seek approval for other Share Classes on an ad hoc basis. A full list of reporting Share Classes is available from the Management Company on request.

Provided reporting fund status is obtained, any capital gain on disposal of the Shares described above made after 1 January 2011 will not be reclassified as an offshore income gain under the new regime, subject to the Share Class having been either certified as "distributing" or approved as "reporting" throughout the Shareholder's holding period. Holders of Shares that are not distributing Share Classes for tax purposes under the current regime, but that become reporting funds under the new regime, should note that an election to HM Revenue & Customs will be necessary to secure capital gains tax treatment for future disposals. Please consult www.hmrc.gov.uk or your tax adviser for further details.

The Directors reserve the right to change their minds without prior notice as to the range of Share Classes for which reporting fund status will be sought.

Section 3.3 above describes that some Distribution Share Classes may pay dividends that are based on a fixed amount or fixed percentage of the Net Asset Value per Share. Investors in affected Share Classes should note that this may exceed the distribution value required to obtain distributor status or reporting fund status, as the case may be. Accordingly, holding such Share Classes may result in a higher proportion of the investment return being classified as income, rather than capital, than would be the case from holding Share Classes with variable distributions.

Reportable income

As a consequence of the reporting fund regime referred to above, UK Investors holding Shares in a "reporting" Share Class will be taxable annually on their share of "reportable income" earned by the Fund in the year, but only to the extent that it exceeds the distributions actually made by the Fund (if any). The Investor will be subject to tax on this "excess" reportable income in the same way as if the excess had been paid out as a distribution. Details of the reportable income that an Investor should declare as taxable income will be published on the Schroders website within six months of the end of each accounting period.

Equalisation

The Company operates equalisation arrangements. Equalisation applies to Shares purchased during a Distribution Period. The amount of income, calculated in accordance with the dealing frequency of the Fund, and included in the purchase price of all Shares purchased during a distribution period and still held at the period end (Group 2 Shares) is refunded to holders of these Shares as a return of capital. Being capital it is not liable to income tax but should be deducted from the cost of Shares for the purpose of taxation on capital gains. The aim of operating equalisation is to relieve new investors in the fund from the liability to tax on income already accrued in the Shares they acquire. Equalisation will not affect Shareholders who own their shares for the whole of a Distribution Period.

There are tax consequences for UK investors from the operation of equalisation. Guidance on these consequences, and details of the daily income element of the A and C Distribution Share Classes, will be held on a database and will be made available upon request from the Company's registered office or online at www.schroders.com/equalisation.

General

The foregoing is based on the Directors' understanding of the law and practice in force at the date of this document and applies to Investors acquiring Shares in the Company as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences of buying, holding, transferring, switching, redeeming or otherwise dealing in the Company's Shares under the laws of their countries of citizenship, residence and domicile.

3.5 Meetings and Reports

Meetings

The annual general meeting of Shareholders of the Company is held in Luxembourg on the last Tuesday of May in each year at 11:00 a.m. or, if such day is not a Business Day, on the next Business Day. For all general meetings of Shareholders notices are sent to registered Shareholders by post at least 8 days prior to the meeting. Notices will be published in the Mémorial and in a Luxembourg newspaper(s) (if legally required) and in such other newspapers as the Directors may decide. Such notices will include the agenda and specify the place of the meeting. The legal requirements as to notice, quorum and voting at all general and Fund or Share Class meetings are included in the Articles. Meetings of Shareholders of any given Fund or Share Class shall decide upon matters relating to that Fund or Share Class only.

Reports

The financial year of the Company ends on 31 December each year. An abridged version of the audited annual report of the Company will be made available upon request to Shareholders ahead of the annual general meeting of Shareholders. This abridged version encloses the report of the Directors, a statement of the net assets of the Funds and statistical information, a statement of operations and of changes in net assets of the Funds, notes to the financial statements and the Independent Auditors' report. The unaudited half-yearly report and full version of the audited annual report will also be prepared. Such reports form an integral part of this Prospectus. Copies of the annual, semi-annual and financial reports may be obtained from the www.schroders.lu Internet site, and are available free of charge from the registered office of the Company.

3.6 Details of Shares

Shareholder rights

(A) The Shares issued by the Company are freely transferable and entitled to participate equally in the profits, and in case of Distribution Shares, dividends of the Share Classes to which they relate, and in the net assets of such Share Class upon liquidation. The Shares carry no preferential and pre-emptive rights.

(B) Voting:

At general meetings, each Shareholder has the right to one vote for each whole Share held.

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held.

In the case of a joint holding, only the first named Shareholder may vote.

(C) Compulsory redemption:

The Directors may impose or relax restrictions on any Shares and, if necessary, require redemption of Shares to ensure that Shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Company including a requirement to register under the laws and regulations of any country or authority. The Directors may in this connection require a Shareholder to provide such information as they may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

If it shall come to the attention of the Directors at any time that Shares are beneficially owned by a United States Person, the Company will have the right compulsorily to redeem such Shares.

Transfers

The transfer of registered Shares may be effected by delivery to the Management Company of a duly signed stock transfer form in appropriate formtogether with, if issued, the relevant certificate to be cancelled. Transfer of physical bearer Shares are effected by delivery of the relevant Share certificate. For the avoidance of any doubt the Company will not issue new bearer shares.

Rights on a winding-up

The Company has been established for an unlimited period. However, the Company may be liquidated at any time by a resolution adopted by an extraordinary general meeting of Shareholders, at which meeting one or several liquidators will be named and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net proceeds of liquidation corresponding to each Fund shall be distributed by the liquidators to the Shareholders of the relevant Fund in proportion to the value of their holding of Shares.

If and when the net assets of all Share Classes in a Fund are less than EUR 50,000,000 or its equivalent in another currency, or if any economic or political situation would constitute a compelling reason therefore, or if required in the interest of the Shareholders of the relevant Fund, the Directors may decide to redeem all the Shares of that Fund. In any such event Shareholders will be notified by redemption notice published (or notified as the case may be) by the Company in accordance with applicable Luxembourg laws and regulations prior to compulsory redemption, and will be paid the Net Asset Value of the Shares of the relevant Share Class held as at the redemption date.

Under the same circumstances as described above, the Directors may decide to merge any Fund with one or more other Funds or merge any Fund into other UCIs governed by Part I of the Law of 20 December 2002 or reorganise the Shares of a Fund into two or more Share Classes or combine two or more Share Classes into a single Share Class providing in each case it is in the interests of Shareholders of the relevant Funds. Publication or notification of the decision will be made as described above including details of the merger and will be made, where required, at least one calendar month prior to the merger taking effect during which time Shareholders of the Fund or Share Classes to be merged may request redemption of their Shares free of charge (with the exception of the CDSC which remains applicable).

The decision to merge or liquidate a Fund may also be made at a meeting of Shareholders of the particular Fund concerned.

Under the same circumstances as described above, the Directors may also decide upon the reorganisation of any Fund by means of a division into two or more separate Funds. Such decision will be published or notified in the same manner as described above and, in addition, the publication or notification will contain information in relation to the two or more separate Funds resulting from the reorganisation. Such publication or notification will be made at least one month before the date on which the reorganisation becomes effective in order to enable Shareholders to request redemption or switch of their Shares before the reorganisation becomes effective.

Any liquidation proceeds remaining unclaimed after a period of six months will be deposited in escrow at the "Caisse de Consignation". Amounts not claimed from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

Information to bearer shareholders

Any relevant notification to bearer shareholders (with the exception of the convening notices referred to under 3.5 "Meetings and Reports") will be posted on Schroder's website: www.schroders.lu.

3.7 Pooling

For the purpose of effective management, and subject to the provisions of the Articles and to applicable laws and regulations, the Management Company may invest and manage all or any part of the portfolio of assets established for two or more Funds (for the purposes hereof "Participating Funds") on a pooled basis. Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Management Company may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Fund up to the amount of the participation of the Share Class concerned. The share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Management Company shall, in its discretion, determine the initial value of notional units

(which shall be expressed in such currency as the Management Company consider appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the Net Asset Value of the asset pool by the number of notional units subsisting.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Management Company considers appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will be immediately credited to the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. Upon the dissolution of the Company, the assets in an asset pool will be allocated to the Participating Funds in proportion to their respective participation in the asset pool.

3.8 Co-Management

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the may decide that part or all of the assets of one or more Funds will be co-managed with assets belonging to other Luxembourg collective investment schemes. In the following paragraphs, the words "co-managed entities" shall refer globally to the Funds and all entities with and between which there would exist any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement.

Under the co-management arrangement, the Investment Manager, if appointed and granted the day-to-day management will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will influence the composition of the relevant Fund's portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Shareholders should be aware that, in the absence of any specific action by the or any of theManagement Company's appointed agents, the co-management arrangement may cause the composition of assets of the relevant Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which the Fund is co-managed will lead to an increase of the Fund's reserve of cash.

Conversely, redemptions made in one entity with which any Fund is co-managed will lead to a reduction of the Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility to allocate substantial subscriptions and redemptions to these

specific accounts together with the possibility for the or any of the Management Company's appointed agents to decide at anytime to terminate its participation in the co-management arrangement permit the relevant Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of its Shareholders.

If a modification of the composition of the relevant Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (i.e. not attributable to the Fund) is likely to result in a breach of the investment restrictions applicable to the relevant Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of the Funds shall, as the case may be, only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets in order to assure that investment decisions are fully compatible with the investment policy of the relevant Fund. Co-managed Assets shall only be co-managed with assets for which the Custodian is also acting as depository in order to assure that the Custodian is able, with respect to the Company and its Funds, to fully carry out its functions and responsibilities pursuant to the Regulations. The Custodian shall at all times keep the Company's assets segregated from the assets of other co-managed entities, and shall therefore be able at all time to identify the assets of the Company and of each Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of the relevant Funds, it is possible that as a result the common policy implemented may be more restrictive than that of the Funds concerned.

A co-management agreement shall be signed between the Management Company, the Custodian and the Investment Managers in order to define each of the parties' rights and obligations. The Directors may decide at any time and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Audited annual and half-yearly reports shall state the co-managed Assets' composition and percentages.

Appendix I

Investment Restrictions

The Directors have adopted the following restrictions relating to the investment of the Company's assets and its activities. These restrictions and policies may be amended from time to time by the Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund. Those restrictions in section 1(D) below are applicable to the Company as a whole.

1. Investment in Transferable Securities and Liquid Assets

(A) The Company will invest in:

(1) transferable securities and money market instruments admitted to an official listing on a stock exchange in an Eligible State; and/or

(2) transferable securities and money market instruments dealt in on another Regulated Market; and/or

(3) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is achieved within one year of the issue.

(4) units of UCITS and/or of other UCI whether situated in an EU member state or not, provided that:

(I) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Law, and that cooperation between authorities is sufficiently ensured,

(II) the level of protection for Shareholders in such other UCIs is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 85/661/EEC,

(III) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,

(IV) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or

(5) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU member state or, if the registered office of the credit institution is situated in a non-EU member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU Law; and/or

(6) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in OTC derivatives, provided that:

(I) the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Funds may invest according to their investment objective;

(II) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;

(III) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

and/or

(7) money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

(I) issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the EU or the European Investment Bank, a non-EU member state or, in case of a Federal State, by one of the members making up the federation, or by

a public international body to which one or more EU member states belong, or

(II) issued by an undertaking any securities of which are dealt in on Regulated Markets, or

(III) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU Law, or

(IV) issued by other bodies belonging to categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

In addition, the Company may invest a maximum of 10% of the Net Asset Value of any Fund in transferable securities and money market instruments other than those referred to under (1) to (7) above

(B) Each Fund may hold ancillary liquid assets. Liquid assets used to back-up financial derivative exposure are not considered as ancillary liquid assets.

(C)

(1) Each Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities). Each Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A)(5) above or 5% of its net assets in other cases.

(2) Furthermore, where any Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the Net Asset Value of such Fund, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C)(1), a Fund may not combine:

— investments in transferable securities or money market instruments issued by,

— deposits made with, and/or

— exposures arising from OTC derivative transactions undertaken with

a single body in excess of 20% of its net assets.

(3) The limit of 10% laid down in paragraph (C)(1) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.

(4) The limit of 10% laid down in paragraph (C)(1) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in an EU member state and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

If a Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Fund.

(5) The transferable securities and money market instruments referred to in paragraphs (C)(3) and (C)(4) are not included in the calculation of the limit of 40% referred to in paragraph (C)(2).

The limits set out in paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or financial derivative instruments made with this body, effected in accordance with paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) may not, in any event, exceed a total of 35% of each Fund's Net Asset Value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(6) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, provided

— the composition of the index is sufficiently diversified,

— the index represents an adequate benchmark for the market to which it refers,

— it is published in an appropriate manner.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

(7) Where any Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members, the Company may invest 100% of the Net Asset Value of any Fund in such securities provided that such Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the Net Asset Value of the Fund.

Subject to having due regard to the principle of risk spreading, a Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its launch.

(D)

(1) The Company may not normally acquire shares carrying voting rights which would enable the Company to exercise significant influence over the management of the issuing body.

(2) The Company may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single

issuing body, (c) 10% of the money market instruments of the same issuing body, and/or (d) 25% of the units of the same UCI. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(1) and (2) above shall not apply to:

(1) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;

(2) transferable securities and money market instruments issued or guaranteed by any other Eligible State;

(3) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or

(4) shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law of 20 December 2002.

(E) No Fund may invest more than 10% of its net assets in units of UCITS or other UCIs. In addition, the following limits shall apply:

(1) When a Fund invests in the units of other UCITS and/or other UCIs linked to the Company by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a management company linked to the Investment Manager, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant Fund. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

(2) The Company may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.

(3) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under section 1(C) above.

2. Investment in Other Assets

(A) The Company will neither make investments in precious metals, commodities or certificates representing these. In addition, the Company will not enter into financial derivative instruments on precious metals or commodities. This does not prevent the Company from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.

(B) The Company will not purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(C) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sections 1(A)(4), (6) and (7).

(D) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the Net Asset Value of the Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

(E) The Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

(F) The Company will not underwrite or sub-underwrite securities of other issuers.

(G) The Company will on a Fund by Fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

3. Financial Derivative Instruments

As specified in section 1(A)(6) above, the Company may in respect of each Fund invest in financial derivative instruments.

The Company shall ensure that the global exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2(D) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

Each Fund may invest, as a part of its investment policy and within the limits laid down in section 1(A)(6) and section 1(C)(5), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1(C)(1) to (7). When a Fund invests in index-based financial derivative instruments compliant with the provisions of sections 1(C)(1) to (7), these investments do not have to be combined with the limits laid down in section 1(C). When a transferable security or money market instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of these restrictions. The Funds may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Regulations. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy or objective. The risks against which the Funds could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

Unless specified otherwise in Appendix III, the global exposure relating to financial derivative instruments will be calculated using a commitment approach. Funds applying a Value-at-Risk (VaR) approach to calculate their global exposure will contain an indication thereto in Appendix III.

VaR reports will be produced and monitored on a daily basis based on the following criteria:

— 1 month holding period;
— 99% unilateral confidence interval;
— at least a one year effective historical observation period (250 days) unless market conditions require a shorter observation period; and
— parameters used in the model are updated at least quarterly.

Stress testing will also be applied at a minimum of once per month.

4. Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments

Techniques and instruments (including, but not limited to, securities lending or repurchase agreements) relating to transferable securities and money market instruments may be used by each Fund for the purpose of efficient portfolio management.

To the extent permitted by and within the limits prescribed by the Regulations and in particular the CSSF Circular 08/356 relating to the use of financial techniques and instruments, each Fund may for the purpose of generating additional capital or income or

for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase transactions and engage in securities lending transactions.

In respect of repurchase transactions, the Fund will obtain from its counterparty collateral of a type and market value sufficient to satisfy the requirements of the Regulations.

In respect of securities loans, the Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the Regulations.

A Fund, within the limits provided for by the Regulations and in particular CSSF Circular 08/356 referred to above, may reinvest the cash that it receives as collateral against a repurchase transaction or a securities loan in (a) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (b) short-term bank deposits, (c) money market instruments permitted by the Regulations, (d) short-term bonds issued or guaranteed by the governments, local authorities or supranational institutions and undertakings of the United States, member states of the EU, Australia, Canada, Finland, Japan, Norway, Sweden or Switzerland, (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity, and (f) reverse repurchase agreement transactions, provided that such reverse repurchase transactions must themselves be fully and continuously collateralised by securities issued or guaranteed by the governments, local authorities or supranational institutions and undertakings of the United States, the EU, Australia, Canada, Finland, Japan, Norway, Sweden or Switzerland. Such reinvestment will be taken into account for the calculation of each concerned Fund's global exposure if required.

5. Risk Management Process

The Company will employ a risk management process which enables it with the Investment Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Fund. The Company or the Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an Investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Funds using such risk measure.

The risk management framework is available upon request from the Company's registered office.

6. Miscellaneous

(A) The Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(1), (2) and (3) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Company shall not be prevented from acquiring such securities above which are not fully paid.

(B) The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.

(C) The Management Company, the Investment Managers, the Distributors, Custodian and any authorised agents or their associates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

(1) a certified valuation of such transaction is provided by a person approved by the Directors as independent and competent;

(2) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or

where neither (1) or (2) is practical;

(3) where the Directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

(D) Funds registered in Taiwan are restricted in the percentage of the Fund that can be invested in securities traded on the security markets of the People's Republic of

China. These limits may be amended from time to time by the Financial Supervisory Commission in Taiwan.

Appendix II

Risks of Investment

1. General Risks

Past performance is not a guide to future performance and Shares, other than Shares of Liquidity Funds, should be regarded as a medium to long-term investment. The value of investments and the income generated by them may go down as well as up and Shareholders may not get back the amount originally invested. Where the currency of a Fund varies from the Investor's home currency, or where the currency of a Fund varies from the currencies of the markets in which the Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the Investor greater than the usual risks of investment.

2. Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Fund.

3. Regulatory Risk

The Company is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally the Funds will be registered in non-EU jurisdictions. As a result of such registrations the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes. In such cases the Funds will abide by these more restrictive requirements. This may prevent the Funds from making the fullest possible use of the investment limits.

4. Risk of Suspension of Share dealings

Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended (see Section 2.4, "Suspensions or Deferrals").

5. Interest Rate Risk

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

6. Credit Risk

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Fund's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. A Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Fund's Investment Manager will consider whether the security continues to be an appropriate investment for the Fund. A Fund's Investment Manager considers whether a security is investment grade only at the time of purchase. Some of the Funds will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

7. Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investment in illiquid securities may reduce the returns of the Fund because it may be

unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

8. Inflation/Deflation Risk

Inflation is the risk that a Fund's assets or income from a Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio.

9. Financial Derivative Instrument Risk

For a Fund that uses financial derivative instruments to meet its specific investment objective, there is no guarantee that the performance of the financial derivative instruments will result in a positive effect for the Fund and its Shareholders.

10. Warrants Risk

When a Fund invests in warrants, the price, performance and liquidity of such warrants are typically linked to the underlying stock. However, the price, performance and liquidity of such warrants will generally fluctuate more than the underlying securities because of the greater volatility of the warrants market. In addition to the market risk related to the volatility of warrants, a Fund investing in synthetic warrants, where the issuer of the synthetic warrant is different to that of the underlying stock, is subject to the risk that the issuer of the synthetic warrant will not perform its obligations under the transactions which may result in the Fund, and ultimately its Shareholders, suffering a loss.

11. Credit Default Swap Risk

A credit default swap allows the transfer of default risk. This allows a Fund to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Fund does not hold the underlying reference obligation, there may be a market risk as the Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

12. Futures, Options and Forward Transactions Risk

A Fund may use options, futures and forward contracts on currencies, securities, indices, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Fund is fixed, the Fund may sustain a loss well in excess of that amount. The Fund will also be exposed to the risk of the purchaser exercising the option and the Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions, in particular those traded over-the-counter, have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

13. Credit Linked Note Risk

A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal

amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

14. Equity Linked Note Risk

The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

A Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

15. General Risk associated with OTC Transactions

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments. In addition, the prices of such instruments may include an undisclosed dealer mark-up which a Fund may pay as part of the purchase price.

16. Counterparty Risk

The Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A Fund may invest into instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The Funds will only enter into OTC derivatives transactions with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivative transactions entered into with first class institutions should not exceed 10% of the relevant Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

17. Custody Risk

Assets of the Company are safe kept by the Custodian and investors are exposed to the risk of the Custodian not being able to fully meet its obligation to restitute in a short time frame all of the assets of the Company in the case of bankruptcy of the Custodian. The assets of the Company will be identified in the Custodian's books as belonging to the Company. Securities held by the Custodian will be segregated from other assets of the Custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The Custodian does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the Custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Custodian.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Custodian will have no liability.

18. Smaller Companies Risk

A Fund which invests in smaller companies may fluctuate in value more than other Funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade

in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

19. Technology Related Companies Risk

Investments in the technology sector may present a greater risk and a higher volatility than investments in a broader range of securities covering different economic sectors. The equity securities of the companies in which a Fund may invest are likely to be affected by world-wide scientific or technological developments, and their products or services may rapidly fall into obsolescence. In addition, some of these companies offer products or services that are subject to governmental regulation and may, therefore, be adversely affected by governmental policies. As a result, the investments made by a Fund may drop sharply in value in response to market, research or regulatory setbacks.

20. Lower Rated, Higher Yielding Debt Securities Risk

A Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate Investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in the Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

21. Property and Real Estate Companies Securities Risk

The risks associated with investments in securities of companies principally engaged in the real estate industry include: the cyclical nature of real estate values; risks related to general and local economic conditions; overbuilding and increased competition; increases in property taxes and operating expenses; demographic trends and variations in rental income; changes in zoning laws; casualty or condemnation losses; environmental risks; regulatory limitations on rents; changes in neighbourhood values; related party risks; changes in the appeal of properties to tenants; increases in interest rates; and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Fund's investments.

The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Fund either in a positive or a negative manner.

22. Mortgage related and other asset backed securities Risks

Mortgage-backed securities, including collateralised mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases of various types of real and personal property and receivables from credit card agreements.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. A Fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of sub-prime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of

interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that a Fund may lose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for a Fund to buy or sell.

A Fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price at a future date. A Fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

23. Initial Public Offerings Risk

A Fund may invest in initial public offerings, which frequently are smaller companies. Such securities have no trading history, and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

24. Risk associated with Debt securities issued pursuant to Rule 144A under the Securities Act of 1933

SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for Investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular rule 144A security.

25. Emerging and Less Developed Markets Securities Risk

Investing in emerging markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign Investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which a Fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant Fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the Fund and compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

In addition investments in certain emerging and less developed countries, such as Russia and Ukraine, are currently subject to certain heightened risks with regard to the ownership and custody of securities. In these countries, shareholdings are evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Custodian). No certificates representing shareholdings in companies will be held by the Custodian or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, the Company could lose its registration and ownership of the securities through fraud, negligence or even mere oversight. Debt securities also have an increased

custodial risk associated with them as such securities may, in accordance with market practice in the emerging or less developed countries, be held in custody with institutions in those countries which may not have adequate insurance coverage to cover loss due to theft, destruction or default. It should be taken into consideration that when investing in government debt of emerging or less developed countries, particularly Ukraine, whether via the primary or secondary market, local regulations may stipulate that Investors maintain a cash account directly with the sub-custodian. Such balance represents a debt due from the sub-custodian to the Investors and the Custodian shall not be liable for this balance.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

26. Specific risks linked to securities lending and repurchase transactions

Securities lending and repurchase transactions involve certain risks. There is no assurance that a Fund will achieve the objective for which it entered into a transaction.

Repurchase transactions might expose the Fund to risks similar to those associated with optional or forward derivative financial instruments, the risks of which are described in other sections of this Prospectus. Securities loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacements for the securities that were lent to the counterparty. In the latter case, the Fund's tri-party lending agent will indemnify the Fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable.

In the event that the Fund reinvests cash collateral in one or more of the permitted types of investment that are described above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. There is also a risk that the investment will become illiquid, which would restrict the Fund's ability to recover its securities on loan, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

27. Potential Conflicts of Interest

The Investment Managers and Schroders may effect transactions in which the Investment Managers or Schroders have, directly or indirectly, an interest which may involve a potential conflict with the Investment Managers' duty to the Company. Neither the Investment Managers nor Schroders shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated.

The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

Such potential conflicting interests or duties may arise because the Investment Managers or Schroders may have invested directly or indirectly in the Company.

Appendix III

Fund Details

The Company is designed to give Investors the flexibility to choose between investment portfolios with differing investment objectives and levels of risk.

The specific investment objectives and policies of each of the Funds are subject to the following interpretation:

(A) If a Fund bears in its name a reference to a particular type of currency or security, or a particular country, region or industry, it will invest at least two thirds of its total assets (excluding liquidities which are not used as backup for financial derivative instruments) in investments corresponding to such currency, security, country, region or industry, either directly or through financial derivative instruments.

(B) If a description of a Fund's investment policy states that investments will be made "primarily" in a particular type of currency or security, or a particular country, region or industry, such Fund will invest:

(1) if an Equity Fund, at least two thirds of its total assets (excluding liquidities which are not used as backup for financial derivative instruments) in equity and equity-related investments corresponding to such currency or security, country, region or industry, including equity related financial derivative instruments and structured financial instruments, and;

(2) if a Bond Fund, at least two thirds of its total assets (excluding liquidities which are not used as backup for financial derivative instruments) in debt securities corresponding to such currency or security, country, region or industry or risk components inherent to debt instruments, including financial derivative instruments relating to them, whilst the remaining one third may be invested at the discretion of the Investment Manager, provided that no more than 10% of its total assets (excluding liquidities which are not used as backup for financial derivative instruments) is invested in equity securities and no more than 25% in convertible bonds.

In the context mentioned above, the term liquidity means bank credit balances and money market instruments with maturities of up to twelve months.

(C) The remaining third of the Fund's total assets (excluding liquidities which are not used as backup for financial derivative instruments) may be invested in other currencies, securities, countries, regions or industries.

(D) If a description of a Fund's investment policy is related to investments in corporations of a particular country or region, such reference means (in the absence of any further specification) investments in companies incorporated, headquartered, listed or having their principal business activities in such country or region.

(E) The category of Funds designated as "Style Equity Funds" is comprised of Funds which invest in equity securities depending on whether they are classified as "growth" or "value" stocks. Growth stocks are those whose earnings are expected to grow faster than the average for the market, usually because they are in high growth industries. Value stocks, on the other hand, are inexpensive compared with the earnings or assets of the companies that issue them. This is often because they are in a mature or depressed industry, or because the company has suffered a setback. Value investors try to buy these stocks when they think they have become too cheap.

(F) If a Fund bears in its name the word "Alpha", this means that, for this type of fund the Investment Manager adopts an active management strategy, by aggressively positioning the portfolio according to prevailing market conditions. This could be on the basis of particular sectors, themes or styles, or on a selected number of stocks which the Investment Manager believes have the potential to provide enhanced returns relative to the market.

(G) The Funds categorised as "Quantitative Equity Funds" are managed on a bottom up basis. Overweight and underweight positions in securities of a given country, sector and stock are determined through the application of analytical techniques to such countries, sectors and stocks.

(H) The Funds categorised as "Absolute Return Funds" are managed with a view to generating a positive return (i.e. greater than zero) over a period of no more than 12 months. The Investment Manager will seek to generate such a return even in falling markets (or in expectation of falling markets) by either shorting (on a covered basis)

the various sources of return and/or moving into cash and cash equivalents. There is no guarantee that such objective may be achieved.

(I) In respect of the Funds which, under their objectives and policies, invest in bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers worldwide, the Company may use forward currency contracts to hedge back to investment currencies and, at the same time, seek exposure to local short term markets if this appears to be in the best interest of the relevant Fund and its Shareholders, in light of local market conditions in the countries concerned, to limit volatility and counterparty risk and to improve liquidity.

(J) To ensure eligibility for the French Plan d'Epargne en Actions (PEA), the Funds EURO Equity, EURO Active Value and EURO Dynamic Growth will invest at least 75% of their assets in equity securities issued by companies which have their head office in the European Union.

(K) The Investment Managers may invest directly in Russian securities that are traded on the Russian Trading System Stock Exchange (RTS Stock Exchange) and MICEX – Moscow Interbank Currency Exchange. For details of the risk involved in dealing on these exchanges please refer to Appendix II. Additionally exposure to the Russian market may be achieved through investments in American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).

The investment objectives and policies described below are binding on the Investment Manager of each Fund, although there can be no assurance that an investment objective will be met.

The Funds bearing an asterisk (*) next to their name are not available for subscription at the time of issue of this Prospectus. Such Funds will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

All the Funds may offer A, A1, B, B1, C, D, I and J Shares unless otherwise specified. By way of derogation, the Fund EURO Equity Secure 2010 only offers P Shares.

These Share Classes, where available, may be offered in various currencies (each a "Reference Currency") at the Directors' discretion. Where offered in a currency other than the Fund Currency, a Share Class will be designated as such. Confirmation of the Funds and currencies in which the currency denominated and hedged Share Classes are available can be obtained from the Management Company.

In respect of such additional Share Classes, the Management Company has the ability to hedge the Shares of such Share Classes in relation to the Fund Currency or in relation to currencies in which the relevant Fund's underlying assets are denominated.

Where undertaken, the effects of this hedging will be reflected in the Net Asset Value and, therefore, in the performance of such additional Share Class. Similarly, any expenses arising from such hedging transactions will be borne by the Share Class in relation to which they have been incurred.

It should be noted that these hedging transactions may be entered into whether the Reference Currency is declining or increasing in value relative to the relevant Fund Currency and so, where such hedging is undertaken it may substantially protect Investors in the relevant Share Class against a decrease in the value of the Fund Currency relative to the Reference Currency, but it may also preclude Investors from benefiting from an increase in the value of the Fund Currency.

In addition the Investment Manager may hedge the Fund Currency against the currencies in which the underlying assets of the Fund are denominated or the underlying unhedged assets of a target fund are denominated.

There can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Reference Currency.

The specific investment objectives and policies of the different Funds are the following:

1. Mainstream Equity Funds

Profile of the typical Investor:	The Mainstream Equity Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities.
Use of financial derivative instruments:	Each Mainstream Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are medium risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund Australian Equity*
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of Australian companies.
Investment Manager:	Schroder Investment Management Australia Limited
Fund Currency:	AUD

Fund Name:	Schroder International Selection Fund EURO Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of companies in countries participating in the EMU.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Large Cap
Investment Objective:	To provide capital growth primarily through investment in equity securities of European large cap companies. Large cap companies are companies which, at the time of purchase, are considered to form the top 80% by market capitalisation of the European market.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Global Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of companies worldwide.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Italian Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Italian companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Fund Name:	Schroder International Selection Fund Japanese Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Japanese companies.
Investment Manager:	Schroder Investment Management (Japan) Limited
Fund Currency:	JPY

Fund Name:	Schroder International Selection Fund Japanese Large Cap
Investment Objective:	To provide capital growth primarily through investment in equity securities of Japanese large cap companies. Large cap companies are companies which, at the time of purchase, are considered to form the top 90% by market capitalisation of the Japanese market.
Investment Manager:	Schroder Investment Management (Japan) Limited
Fund Currency:	JPY

Fund Name:	Schroder International Selection Fund Pacific Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Pacific Basin (ex Japan) companies.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Swiss Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Swiss companies.
Investment Manager:	Schroder Investment Management (Switzerland) AG
Fund Currency:	CHF

Fund Name:	Schroder International Selection Fund UK Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of UK companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	GBP

Fund Name:	Schroder International Selection Fund US All Cap
Investment Objective:	To provide capital growth primarily through investment in equity securities of US companies. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth. There are no capitalisation restrictions on securities that can be held in the portfolio.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund US Large Cap
Investment Objective:	To provide capital growth primarily through investment in equity securities of US large cap companies. Large cap companies are companies which, at the time of purchase, are considered to form the top 85% by market capitalisation of the US market.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

2. Specialist Equity Funds

Profile of the typical Investor:	The Specialist Equity Funds may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Use of financial derivative instruments:	Each Specialist Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund Asian Equity Yield
Investment Objective:	To provide a total return primarily through investment in equity and equity related securities of Asian companies which offer attractive yields and sustainable dividend payments.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Asian Smaller Companies
Investment Objective:	To provide capital growth primarily through investment in equity securities of Asian (ex Japan) smaller-sized companies. Smaller-sized companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of the Asian (ex Japan) market.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Asia Pacific Property Securities
Investment Objective:	To provide a total return primarily through investment in equity and debt securities of Asia Pacific property companies including Japan and Australasia.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Asian Total Return
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of Asia Pacific companies. The Fund also aims to offer a degree of capital preservation through the tactical use of financial derivative instruments.
Investment Policy:	The Fund may buy or sell equity index futures and buy and sell index options on indices or individual stocks. To obtain exposure to equity indices and individual stocks, the Fund may also enter into contracts for difference where the underlying investments are not delivered and settlement is made in cash.
Specific Risk Consideration:	The associated risks involved in investing in financial derivative instruments are highlighted in Appendix II. Furthermore the use of financial derivative instruments has the overall objective of reducing the Fund's volatility, however no guarantee can be given that this will be achieved.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Brazilian Equity *
Investment Objective:	To provide capital growth primarily through investment in equity securities of Brazilian companies.
Investment Manager:	Schroder Investment Management Brasil DTVM S.A.
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund BRIC (Brazil, Russia, India, China)
Investment Objective:	To provide capital growth primarily through investment in equity securities of Brazilian, Russian, Indian and Chinese companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund China Opportunities
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of companies which are headquartered and/or listed in or have a substantial business exposure to the People's Republic of China.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Emerging Asia
Investment Objective:	To provide capital growth primarily through investment in equity securities of companies in the emerging economies of Asia.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Emerging Europe
Investment Objective:	To provide capital growth primarily through investment in equity securities of Central and Eastern European companies including the markets of the former Soviet Union and the Mediterranean emerging markets. The portfolio may, to a limited extent, seek exposure to the markets of Northern Africa and the Middle East.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Emerging Markets
Investment Objective:	To provide capital growth primarily through investment in equity securities of emerging markets companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Fund Name:	Schroder International Selection Fund Emerging Markets Commodity Equity*
Investment Objective:	To provide capital growth primarily through investment in securities of commodity-related emerging market companies worldwide.
Additional Information:	Commodity-related emerging market companies are those, which at time of purchase, are constituents of the MSCI Emerging Markets Energy Index, MSCI Emerging Markets Materials Index or emerging market companies engaged in agricultural and other commodity-related activities.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund European Dividend Maximiser
Investment Objective:	To provide income and capital growth primarily through investment in equity and equity related securities of European companies. The Fund will also selectively enter into option contracts to generate additional income, as more fully described below. To enhance the yield of the Fund, the Investment Manager will selectively sell short dated call options over individual securities held by the Fund, in order to generate extra income by effectively agreeing target 'strike' prices at which those securities will be sold in the future. The Investment Manager is also permitted to sell put options on securities to be bought in the future, at target prices that are pre-set below the current market level.
Specific Risk Consideration:	The Fund makes use of financial derivative in a way that is fundamental to its investment objective. It is possible that this will lead to a higher volatility in the price of Shares.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Equity Yield
Investment Objective:	To provide a total return primarily through investment in equity and equity related securities of European companies which offer attractive yields and sustainable dividend payments.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Smaller Companies
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller European companies. Smaller European companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of each European market.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Special Situations
Investment Objective:	To provide capital growth through investment in equity securities of European companies. In order to achieve the objective of the Fund, the Investment Manager will invest in a select portfolio of securities in special situations, where the Investment Manager believes a special situation to be a company whose future prospects are not fully reflected in its valuation.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Fund Name:	Schroder International Selection Fund Frontier Markets Equity *
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of frontier markets companies.
Additional Information:	Frontier markets are countries included in the MSCI Frontier Markets Index or any other recognised Frontier Markets financial index.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Climate Change Equity
Investment Objective:	To provide capital growth primarily through investment in equities securities of worldwide issuers which will benefit from efforts to accommodate or limit the impact of global climate change.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Demographics & Wealth Dynamics *
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of worldwide issuers who may benefit from the positive economic impact of demographic trends of the global economy and global companies, such as an ageing population and new consumer and industrial trends.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Dividend Maximiser
Investment Objective:	To provide income and capital growth primarily through investment in equities or equity related securities worldwide. The Fund will also selectively enter into option contracts to generate additional income, as more fully described below. To enhance the yield of the Fund the Investment Manager will selectively sell short dated call options over individual securities held by the Fund, in order to generate extra income by effectively agreeing target 'strike' prices at which those securities will be sold in the future. The Investment Manager is also permitted to sell put options on securities to be bought in the future, at target prices that are pre-set below the current market level.
Specific Risk Consideration:	The Fund makes use of financial derivative in a way that is fundamental to its investment objective. It is possible that this will lead to a higher volatility in the price of Shares.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Emerging Market Opportunities
Investment Objective:	To provide capital growth primarily through investment in equity and fixed income securities of a universe of emerging market countries worldwide, included but not limited to constituents of MSCI Emerging Markets Index and JP Morgan EMBI Global Diversified Index.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Fund Name:	Schroder International Selection Fund Global Energy
Investment Objective:	To provide capital growth primarily through investment in securities of companies active in the energy sector.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Equity Yield
Investment Objective:	To provide a total return primarily through investment in equity and equity related securities of companies worldwide which offer attractive yields and sustainable dividend payments.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Property Securities
Investment Objective:	To provide a total return primarily through investment in equity and debt securities of property companies worldwide.
Investment Manager:	European Investors Inc.
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Resources Equity
Investment Objective:	To provide capital growth primarily by taking exposure to equity and equity related securities of companies active in commodities, natural resources and related activities worldwide.
Investment Policy:	In order to achieve the objective, the Investment Manager may use a wide range of assets including UCITS and other UCIs, financial derivative instruments and warrants. The Investment Manager may also invest in deposits with credit institutions and money market instruments.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Small Cap Energy
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of junior energy and energy-related companies worldwide.
Investment Policy:	In order to achieve the objective, the Investment Manager will take exposure to a selected portfolio of equity securities, which it believes offer the best potential for future growth. The Investment Manager may use a wide range of assets including UCITS and other UCIs financial derivative instruments and warrants. The Investment Manager may also invest in deposits with credit institutions and money market instruments.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Smaller Companies
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller-sized companies worldwide. Smaller-sized companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of each individual market.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Greater China
Investment Objective:	To provide capital growth primarily through investment in equity securities of People's Republic of China, Hong Kong SAR and Taiwan companies.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Hong Kong Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Hong Kong SAR companies.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	HKD

Fund Name:	Schroder International Selection Fund Indian Equity
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of Indian companies.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Japanese Smaller Companies
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller Japanese companies. Smaller Japanese companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of the Japanese market.
Investment Manager:	Schroder Investment Management (Japan) Limited
Fund Currency:	JPY

Fund Name:	Schroder International Selection Fund Korean Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Korean companies.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Latin American
Investment Objective:	To provide capital growth primarily through investment in equity securities of Latin American companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Middle East
Investment Objective:	To provide capital growth primarily through investment in equity securities of Middle Eastern companies including companies in emerging Mediterranean markets. The portfolio may also, to a limited extent, seek exposure to the markets of Northern Africa.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Swiss Equity Opportunities
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of Swiss companies. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best opportunities for future growth.
Investment Manager:	Schroder Investment Management (Switzerland) AG
Fund Currency:	CHF

Fund Name:	Schroder International Selection Fund Swiss Small & Mid Cap Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller and medium-sized Swiss companies. Smaller and medium-sized Swiss companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of the Swiss market.
Investment Manager:	Schroder Investment Management (Switzerland) AG
Fund Currency:	CHF

Fund Name:	Schroder International Selection Fund Taiwanese Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of Taiwanese companies.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund US Small & Mid-Cap Equity
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller and medium-sized US companies. Smaller and medium-sized US companies are considered companies which, at the time of purchase, form the bottom 40% by market capitalisation of the US market.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund US Smaller Companies
Investment Objective:	To provide capital growth primarily through investment in equity securities of smaller US companies. Smaller US companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of the US market.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

3. Style Equity Funds

Profile of the typical Investor:	The Style Equity Funds may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Use of financial derivative instruments:	Each Style Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund EURO Active Value
Investment Objective:	To provide capital growth primarily through active investment in a value style biased portfolio of equity securities of companies in countries participating in the EMU and denominated in Euro.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund EURO Dynamic Growth
Investment Objective:	To provide capital growth primarily through dynamic investment in a growth style biased portfolio of equity securities of companies in countries participating in the EMU and denominated in Euro.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Small & Mid-Cap Value*
Investment Objective:	To provide capital growth primarily through active investment in a value style biased portfolio of equity securities of European smaller and medium sized companies. Smaller and medium sized European companies are considered companies which, at the time of purchase, form the bottom 40% by market capitalisation of the European market.
Investment Manager:	Schroder Investment Management (Switzerland) AG
Fund Currency:	EUR
A Dealing Day:	By derogation to the definition of Dealing Day in the “Definition” section of this Prospectus, a Dealing Day for this Fund is each Wednesday (or the next following Business Day if Wednesday is not a Business Day) and the last Business Day in a month.

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors’ discretion, at which time this Prospectus will be updated accordingly.

4. Alpha Equity Funds

Profile of the typical Investor:	The Alpha Equity Funds may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Use of financial derivative instruments:	Each Alpha Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund European Equity Alpha
Investment Objective:	To provide capital growth primarily through investment in equity securities of European companies. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Global Equity Alpha
Investment Objective:	To provide capital growth primarily through investment in equity securities of companies worldwide. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Japanese Equity Alpha
Investment Objective:	To provide capital growth primarily through investment in equity securities of Japanese companies. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth.
Investment Manager:	Schroder Investment Management (Japan) Limited
Fund Currency:	JPY

5. Quantitative Equity Funds

Profile of the typical Investor:	The Quantitative Equity Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities.
Use of financial derivative instruments:	Each Quantitative Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are medium to higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund QEP Global Core
Investment Objective:	To provide capital growth primarily through investment in equity securities of companies worldwide. In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities selected through the application of analytical techniques.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD
Share Classes:	C and I only

Fund Name:	Schroder International Selection Fund QEP Global Active Value
Investment Objective:	To provide a total return primarily through active investment in a diversified value style biased portfolio of equity and equity related securities of companies worldwide.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund QEP Global Dynamic Blend *
Investment Objective:	To provide capital growth primarily through investment in equity and equity related securities of companies worldwide.
Investment Policy:	In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities selected through the application of analytical techniques that aim to achieve an optimal allocation between value style biased and quality style biased companies.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund QEP Global Quality
Investment Objective:	To provide a total return primarily through investment in equity and equity related securities of companies worldwide whose financial characteristics show a high quality bias. In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities selected through the application of analytical techniques that apply a quality screen, including factors such as low leverage and stable profitability.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Fund Name:	Schroder International Selection Fund QEP US Core
Investment Objective:	To provide capital growth primarily through investment in equity securities of US companies. In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities selected through the application of analytical techniques.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD
Share Classes:	C and I only

6. Asset Allocation Funds

Profile of the typical Investor: The Asset Allocation Funds may be suitable for Investors who are seeking long term growth potential offered through investment in a diversified range of assets and markets.

Use of financial derivative instruments: Each Asset Allocation Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional exposure through long or covered short positions to asset classes such as, but not limited to, equity, fixed income, credit, currencies as well as property and commodity indices. They can be used to generate additional income through inflation or volatility linked financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange trades options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations: The Funds are medium to higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility and may imply increased counterparty risk, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name: Schroder International Selection Fund European Allocation

Investment Objective: To provide capital growth primarily through allocation between European equity and debt markets, the combination of which will be varied from time to time in response to changing market conditions.

Investment Policy: In order to achieve the objective, the Fund may invest in deposits with credit institutions, money market instruments, convertible bonds, equity securities and debt securities directly or indirectly through the use of UCITs and other UCIs, structured financial instruments or financial derivative instruments such as equity index futures and fixed income index futures.

Investment Manager: Schroder Investment Management Limited

Fund Currency: EUR

Fund Name: Schroder International Selection Fund Global Allocation *

Investment Objective: To provide capital growth primarily through allocation between equity and debt markets worldwide, the combination of which will be varied from time to time in response to changing market conditions.

Investment Policy: In order to achieve the objective, the Fund may invest in deposits with credit institutions, money market instruments, convertible bonds, equity securities and debt securities directly or indirectly through the use of UCITs and other UCIs, structured financial instruments or financial derivative instruments such as equity index futures and fixed income index futures.

Investment Manager: Schroder Investment Management Limited

Fund Currency: USD

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Fund Name:	Schroder International Selection Fund Global Tactical Asset Allocation
Investment Objective:	To provide a positive return above cash over the market cycle through active allocation to a diversified range of assets and markets worldwide.
Investment Policy:	In order to achieve the objective, the Fund will utilise a global tactical asset management strategy designed to capture relative value opportunities across countries, currencies, asset classes (including alternative asset classes such as property, precious metals and commodities), which may include synthetic long and short positions. The Fund will be managed to maintain a balanced exposure between long and short positions with a residual net exposure. The Fund's holdings will be sufficiently liquid at all times to cover the Fund's obligations arising from its derivative long and short positions. The Fund may invest in transferable securities, financial derivative instruments, structured products, UCITS and other UCIs, deposits and money market instruments.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

7. Absolute Return Funds

Profile of the typical Investor:	The Absolute Return Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities and/or bonds.
Use of financial derivative instruments:	Each Absolute Return Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are low to medium risk vehicles unless otherwise indicated in the Fund's specific investment policy. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund Asian Bond (as of 1 August 2010, this Fund will be renamed Schroder International Selection Fund Asian Bond Absolute Return)
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers in Asia excluding Japan. (As of 1 August 2010, the Investment Objective will change to: To provide an absolute return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers in Asia excluding Japan.)
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Emerging Europe Debt Absolute Return
Investment Objective:	To provide an absolute return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers in emerging European countries.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Emerging Markets Debt Absolute Return
Investment Objective:	To provide an absolute return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers in emerging markets.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund EURO Credit Absolute Return *
Investment Objective:	To provide an absolute positive return of capital growth and income on a 12-month basis primarily through investment in a portfolio of bonds, fixed and floating rate debt securities, deposits with credit institutions and money-market instruments.
Investment Policy:	The Fund may invest in investment grade corporate bonds, sub-investment grade corporate or unrated bonds, floating rate notes, cash and money-market instruments, subordinated debt, convertible bonds, preference shares, asset-backed securities and mortgage-backed securities. Asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of the Fund. In order to achieve this objective, the Investment Manager will use a variety of strategies. These strategies will include: rotation strategies, stock selection strategies and derivative strategies. - Rotation strategies – for instance, the Investment Manager may rotate out of credit risky securities and fully invest in cash, money market and sovereign related instruments when a bearish environment is expected. Alternatively, when the Investment Manager expects a positive environment for risky assets, the Investment Manager may fully invest in credit and credit related securities which may or may not be rated or may or may not carry a rating below investment grade. - Stock selection strategies – for instance, when implementing stock selection strategies, the Investment Manager will look to invest in companies that look under-valued and offer the potential to deliver an income or a capital gain. - Derivative strategies – the Investment Manager may, for instance, implement short risk positions in credit default swaps when the Investment Manager expects a negative environment for risky assets, and take opposite positions when the investment manager expects a positive environment for risky assets. In this context, the Fund may act as protection buyer to hedge the specific credit risk of some of the issuers or sell protection to acquire a specific credit exposure or alternatively buy protection without holding the underlying issue. Furthermore, the Investment Manager may take long and short positions, through financial derivative instruments such as swaps, options, forwards and futures, on interest rates, credit risks and various currencies. Financial derivative instruments may also be used for hedging purposes.
Specific Risk Consideration:	The Fund will make use of credit derivative instruments to manage the portfolio exposure to credit markets. This may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk. The associated risks involved in investing in financial derivative instruments are highlighted in Appendix II.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

8. Mainstream Bond Funds

Profile of the typical Investor: The Mainstream Bond Funds may be suitable for Investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.

Use of financial derivative instruments: Each Mainstream Bond Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations: These Funds are low to medium risk vehicles. However, the use of financial derivative instruments may lead to a higher volatility in the price of Shares and may increase the Fund's counterparty risk. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name: Schroder International Selection Fund EURO Bond

Investment Objective: To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in Euro and issued by governments, government agencies, supra-national and corporate issuers worldwide.

Global Risk Exposure: The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.

Investment Manager: Schroder Investment Management Limited

Fund Currency: EUR

Fund Name: Schroder International Selection Fund EURO Bond Core*

Investment Objective: To provide a return of capital growth and income primarily through investment in a portfolio of investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) bonds and other fixed and floating rate securities denominated in Euro and issued by governments, government agencies, supra-national and corporate issuers worldwide.

Global Risk Exposure: The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.

Investment Manager: Schroder Investment Management Limited

Fund Currency: EUR

Fund Name: Schroder International Selection Fund EURO Income Bond*

Investment Objective: To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other related fixed and floating rate debt securities as detailed in the investment policy of the Fund denominated in EURO.

Investment Policy: The Fund may invest in investment grade corporate bonds, sub-investment grade or unrated corporate bonds, floating rate notes, subordinated debt, government debt, deposits with credit institutions and money-market instruments, convertible bonds and preference shares.

Furthermore, the Investment Manager may take long and short positions, through financial derivative instruments such as swaps, options, forwards and futures, on interest rates and various currencies. Financial derivative instruments may also be used for hedging purposes.

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund EURO Short Term Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of short term bonds and other fixed and floating rate securities denominated in Euro and issued by governments, government agencies, supra-national and corporate issuers worldwide. The average maturity of the securities held in the portfolio must not exceed three years, whereas the residual maturity of any such security must not exceed five years.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund EURO Government Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by Eurozone governments.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Global Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide, with a maximum of 20% of the net assets of the Fund being invested in securities with a credit rating below investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Inflation Linked Bond
Investment Objective:	To provide a combination of capital growth and income primarily through investment in a portfolio of inflation–linked debt securities issued by governments, government agencies, supra-national and corporate issuers worldwide.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Hong Kong Dollar Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in HKD and issued by governments, government agencies, supra-national and corporate issuers worldwide.
Investment Manager:	Schroder Investment Management (Hong Kong) Limited
Fund Currency:	HKD

Fund Name:	Schroder International Selection Fund Japanese Bond *
Investment Objective:	To provide a return of capital growth and income through investment in a portfolio of deposits, money market instruments, bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers. At all times, two thirds of the portfolio (excluding liquidities) will be invested directly or indirectly through financial derivative instruments into bonds denominated in JPY.
Investment Manager:	Schroder Investment Management (Japan) Limited
Fund Currency:	JPY

Fund Name:	Schroder International Selection Fund US Dollar Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and fixed and floating rate securities denominated in USD and issued by governments, government agencies, supra-national and corporate issuers worldwide.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

9. Specialist Bond Funds

Profile of the typical Investor:	The Specialist Bond Funds may be suitable for Investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.
Use of financial derivative instruments:	Each Specialist Bond Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.
Fund Risk Profile and Specific Risk Considerations:	These Funds are medium risk vehicles. However, the use of financial derivative instruments may lead to a higher volatility in the price of Shares and may increase the Fund's counterparty risk. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name:	Schroder International Selection Fund Asian Local Currency Bond
Investment Objective:	To provide long term return of capital growth and income by seeking out opportunities in Asian local fixed income and currency markets.
Investment Policy:	Investment will primarily be in local currency bonds issued by government, quasi-government and corporate issuers in Asia ex Japan.
Investment Manager:	Schroder Investment Management (Singapore) Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund EURO Corporate Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in Euro issued by governments, government agencies, supra-national and corporate issuers. A maximum of 20% of the net assets of the Fund will be held in securities issued by governments.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Global Corporate Bond
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supra-national and corporate issuers worldwide. A maximum of 20% of the net assets of the Fund will be held in securities issued by governments.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global Corporate Bond Core*
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) bonds and other fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supra-national and corporate issuers worldwide. A maximum of 20% of the net assets of the Fund may be held in securities issued by governments.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global High Income Bond*
Investment Objective:	To provide a high income return primarily through investment in a portfolio of bonds and other fixed and floating rate debt securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide.
Investment Policy:	The Fund may invest in the full spectrum of available securities, including asset-backed and mortgage-backed securities and non-investment grade securities. Asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of the Fund.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Global High Yield
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supra-national and corporate issuers worldwide. A minimum of 70% of the net assets of the Fund will be invested in securities with a credit rating below investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

Fund Name:	Schroder International Selection Fund Strategic Bond
Investment Objective:	To provide a total return primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide. The full spectrum of available securities, including non-investment grade, may be utilised.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

10. Specialist Bond Funds (Medium-higher Risk)

Profile of the typical Investor: The Specialist Bond Funds may be suitable for Investors who are seeking to combine capital growth opportunities with income in the debt markets over the long term.

Use of financial derivative instruments: Each Specialist Bond Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations: These Funds are medium to higher risk vehicles. However, the use of financial derivative instruments may lead to a higher volatility in the price of Shares and may increase the Fund's counterparty risk. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Fund Name: Schroder International Selection Fund Asian Convertible Bond [1]

Investment Objective: To provide a return of capital growth primarily through investment in a portfolio of convertible securities and other similar transferable securities, such as convertible preference securities, exchangeable bonds or exchangeable medium term notes, issued by corporate issuers in Asia excluding Japan. The portfolio may also, to a limited extent, seek exposure to fixed and floating rate securities, equity securities and equity linked notes.

Investment Manager: Fisch Asset Management AG

Fund Currency: USD

Fund Name: Schroder International Selection Fund Global Convertible Bond [1]

Investment Objective: To provide a return of capital growth primarily through investment in a portfolio of convertible securities and other similar transferable securities, such as convertible preference securities, exchangeable bonds or exchangeable medium term notes, issued by corporate issuers worldwide. The portfolio may also, to a limited extent, seek exposure to fixed and floating rate securities, equity securities and equity linked notes.

Investment Manager: Fisch Asset Management AG

Fund Currency: USD

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[1] This Fund may not be available for distribution through Schroders' global network of distributors as exclusive distribution rights may be reserved for certain territories. For any question in this regard, please enquire with the Management Company.

Fund Name:	Schroder International Selection Fund EURO Monthly High Income Bond *
Investment Objective:	To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other related fixed and floating rate debt securities as detailed in the investment policy of the Fund.
Investment Policy:	The Fund may invest in investment grade corporate bonds, sub-investment grade or unrated corporate bonds, floating rate notes, deposits with credit institutions and money-market instruments, subordinated debt, convertible bonds, preference shares, asset-backed securities, mortgage-backed securities and financial derivative instruments. Asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of the Fund. The financial derivative instruments of the Fund will include, inter alia, credit default swaps. In this context, the Fund may act as protection buyer to hedge the specific credit risk of some of the issuers it holds in its portfolio. The Fund may however also sell protection to acquire a specific credit exposure and/or buy protection without holding the underlying issue. Furthermore, the Investment Manager may take long and short positions, through financial derivative instruments such as swaps, options, forwards and futures, on interest rates, credit risks and various currencies. Financial derivative instruments may also be used for hedging purposes.
Specific Risk Consideration:	The Fund will make use of credit derivative instruments to manage the portfolio exposure to credit markets. This may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk. The associated risks involved in investing in financial derivative instruments are highlighted in Appendix II.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund Global Credit Duration Hedged
Investment Objective:	To provide total return primarily through investment in credit and credit related instruments and other fixed and floating rate securities, cash and financial derivative instruments that together provide exposure to global credit markets. The Fund may have exposure to investment grade and sub-investment grade debt at any time. Whilst credit and credit related instruments of companies or sovereign issuers will form the majority of assets held, securities issued by governments, government agencies and supranational issuers may also be held from time to time.
Investment Policy:	The financial derivative instruments of the Fund will include, inter alia, credit default swaps. In this context, the Fund acts as protection buyer to hedge the specific credit risk of some of the issuers it holds in its portfolio. The Fund may however also sell protection to acquire a specific credit exposure and/or buy protection without holding the underlying issue. In an aim to manage interest rate and credit risks and non base currency exposure, the Fund may make use of interest rate futures and options and of foreign exchange forward and swap contracts, respectively.
Specific Risk Consideration:	The Fund will make use of credit derivative instruments to seek exposure to global credit markets. This may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.
Global Risk Exposure:	The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

* This Fund is not available for subscription at the time of issue of this Prospectus. Such Fund will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

11. Defensive Funds

Profile of the typical Investor:

The Defensive Funds are medium risk vehicles aiming to provide capital growth. They may be suitable for Investors who are seeking long term growth potential offered through investment in equities with the benefit of rolling short term protection features. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

Use of financial derivative instruments:

Each Defensive Fund may employ financial derivative instruments as described in the relevant investment objectives in a way that is fundamental to achieve its investment objective.

Fund Name:

Schroder International Selection Fund EURO Equity Secure 2010

Investment Objective:

To generate annual payouts through participation in the long term capital appreciation of the EURO equity markets, whilst aiming that 100% of Shareholders original net subscription amount is protected at the end of the investment horizon of the Fund in October 2010 (the "Maturity Date").
The Fund invests primarily in cash, deposits, bonds, money market instruments and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers. The Fund may enter into swap transactions, including cross currency swap transactions, in relation to its fixed income investments with the view to converting regular interest payments into quarterly or annual payment or a single payment on the Maturity Date. The maturity value of the fixed income instruments and the swaps should be sufficient to provide 100% of the capital investment at the Maturity Date.
Any annual payouts will be created by the purchase of over-the-counter call options linked to the performance of the Dow Jones Euro Stoxx 50 Price index. For the purposes of efficient portfolio management the call options, interest rate swaps and currency hedges may be combined in equity swap transactions.
The amount of the annual coupon payout will depend on the performance of the Dow Jones Euro Stoxx 50 Price index in the relevant year. The actual coupon payout will be calculated using a formula which will be fixed after the end of the offer period based on prevailing market conditions and made available to Investors at the registered office of the Fund.
The counterparties for the swap transactions and over-the-counter options will be rated "A" or above by Standard & Poor's (or any equivalent grade of other credit rating agencies). Valuation of the swaps and the options will be provided by the counterparties.

This Fund is only suitable for Investors comfortable with the investment horizon of the Fund and who intend to remain invested in the Fund until the Maturity Date.

Specific Risk Consideration:

This Fund makes use of financial derivative instruments in a way that is fundamental to its investment objective. It is possible that this will lead to a higher volatility in the price of Shares.

– Early redemption risk: Shareholders may redeem before the Maturity Date, but the prevailing Net Asset Value per Share may be lower than the Net Asset Value per Share at which Shares have originally been subscribed for. The protection feature referred to in the first paragraph of the investment objective applies only at the Maturity Date.

– Default risk: The protection feature is subject to non-default by the issuers of the fixed income instruments and the associated swap(s). Additional returns are subject to non default of the option providers. Schroders gives no guarantee, express or implied, that Investors will receive back their capital invested at any time.

– Market risk: As compared with direct investment in one or more of the European Funds, expected returns from the growth of the European equity markets are lower in this Fund. This reduced upside is the implicit cost of the downside protection feature.

– Tax risk: The minimum return at the Maturity Date is produced from the fixed income portfolio and associated interest rolled up over the life of the Fund. Any tax applied to this rolled up interest will impact this minimum return. Investors should consult their financial or other professional advisers on the possible tax or other consequences of subscribing, holding, transferring, switching, redeeming or otherwise dealing in the Fund's Shares under the laws of their countries of citizenship, residence and domicile.

Term of the Fund:	The Fund is established for an undetermined period and the investment policy described above will be pursued until the Maturity Date. At least one month prior to the Maturity Date, Investors will be notified whether the Fund will be liquidated after the Maturity Date or whether the Fund will be continued. In the latter case, the notification will comprise a description of the investment objective to be pursued by the Fund after the Maturity Date and the revised name of the Fund. In any case, Shareholders will have the opportunity to request the redemption or switch of their Shares on the Maturity Date at the applicable Net Asset Value per Share, free of charge.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD
Share Classes:	P only
Management Fees:	Shareholders should note that, as more fully described in Section 3.1, the management fees levied in respect of P Shares are not determined by reference to the Net Asset Value but on the basis of the fixed initial offer price at which such P Shares were initially issued.

Fund Name:	Schroder International Selection Fund European Defensive
Investment Objective:	To participate in the long-term capital appreciation of a combination of major European equity markets while attempting to limit potential loss of capital at the end of a quarter to 5% of its Net Asset Value per Share at the beginning of that quarter. The Fund invests primarily in short term bonds and other short term fixed and floating rate securities and money market instruments denominated in Euro. The Fund takes positions in call options linked to a combination of major European equity market indices, including CAC 40 (France), DAX 30 (Germany), S&P/MIB 30 (Italy), AEX (Netherlands), IBEX 35 (Spain), SMI (Switzerland), FTSE 100 (UK) and Dow Jones Euro STOXX 50 (Europe). The value of the financial derivative instruments held by the Fund will fluctuate during a quarter so that Shareholders who subscribe for Shares, redeem or switch their Shares will only benefit from the Fund's principal protection objective if they do so on a quarterly reset date. There can be no assurance that the Fund will be successful in achieving its objective or that its maximum loss can be limited to 5% on a quarterly basis.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Defensive Monthly This Fund will be merged on 30 June 2010 into Schroder International Selection Fund European Defensive. No subscriptions from new Investors will be accepted as of 21 May 2010 and no further subscriptions from existing Investors will be accepted as of 21 June 2010.
Investment Objective:	To participate in the long-term capital appreciation of a combination of major European equity markets while attempting to limit potential loss of capital at the end of a month to 1.5% of its Net Asset Value per Share at the beginning of that month. The Fund invests primarily in short term fixed and floating rate securities including short term bonds and money market instruments denominated in Euro. The Fund takes positions in call options linked to i) a combination of one or more major European equity market indices, including CAC 40 (France), DAX 30 (Germany), S&P/MIB 30 (Italy), AEX (Netherlands), IBEX 35 (Spain), SMI (Switzerland), FTSE 100 (UK) and Dow Jones Euro STOXX 50 (Europe) and/or (ii) a combination of one or more UCITS or other UCIs investing in the European equity markets. The value of the financial derivative instruments held by the Fund will fluctuate during a month so that Shareholders who subscribe for Shares, redeem or switch their Shares will only benefit from the Fund's principal protection objective if they do so on a monthly reset date. There can be no assurance that the Fund will be successful in achieving its objective or that its maximum loss can be limited to 1.5% on a monthly basis.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund European Defensive 6 Monthly This Fund will be merged on 30 June 2010 into Schroder International Selection Fund European Defensive. No subscriptions from new Investors will be accepted as of 21 May 2010 and no further subscriptions from existing Investors will be accepted as of 21 June 2010.
Investment Objective:	To participate in the long-term capital appreciation of a combination of major European equity markets while attempting to limit potential loss of capital at the end of a half-year to 5% of its Net Asset Value per Share at the beginning of that half-year. The Fund invests primarily in short term fixed and floating rate securities including short term bonds and money market instruments denominated in Euro. The Fund takes positions in call options linked to i) a combination of one or more major European equity market indices, including CAC 40 (France), DAX 30 (Germany), S&P/MIB 30 (Italy), AEX (Netherlands), IBEX 35 (Spain), SMI (Switzerland), FTSE 100 (UK) and Dow Jones Euro STOXX 50 (Europe) and/ or (ii) a combination of one or more UCITS or other UCIs investing in the European equity markets. The value of the financial derivative instruments held by the Fund will fluctuate during a half-yearly period so that Shareholders who subscribe for Shares, redeem or switch their Shares will only benefit from the Fund's principal protection objective if they do so on a half-yearly reset date. There can be no assurance that the Fund will be successful in achieving its objective or that its maximum loss can be limited to 5% on a half-yearly basis.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund World Defensive 3 Monthly This Fund will be merged on 30 June 2010 into Schroder International Selection Fund European Defensive. No subscriptions from new Investors will be accepted as of 21 May 2010 and no further subscriptions from existing Investors will be accepted as of 21 June 2010.
Investment Objective:	To participate in the long-term capital appreciation of a combination of major world equity markets while attempting to limit potential loss of capital at the end of a quarter to 5% of its net asset value per Share at the beginning of that quarter. The Fund invests primarily in short term fixed and floating rate securities including short term bonds and money market instruments denominated in Euro of worldwide issuers. The Fund takes positions in call options linked to i) a combination of one or more major world equity market indices including, for example, S&P 500, Dow Jones Euro STOXX 50, Nikkei 225, FTSE 100, Dow Jones Global Titans 50 and /or (ii) a combination of one or more UCITS or other UCIs investing in equity markets across the world. The value of derivative instruments held by the Fund will fluctuate during a quarterly period so that Shareholders who subscribe for Shares, redeem or switch their shares will only benefit from the Fund's principal protection objective if they do so on a quarterly reset date. There can be no assurance that the Fund will be successful in achieving its objective or that its maximum loss can be limited to 5% on a quarterly basis.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

12. Liquidity Funds

Profile of the typical Investor:	The Liquidity Funds are low risk vehicles aiming to provide preservation of capital in terms of its own base currency. They may be suitable for Investors who are conservative risk averse, where income and preservation of principal are their primary objectives over the long term. Investors should be aware however that preservation of capital is not guaranteed. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Use of financial derivative instruments:	Liquidity Funds may use financial derivative instruments for hedging purposes only.

Fund Name:	Schroder International Selection Fund EURO Liquidity
Investment Objective:	To provide liquidity and current income, to the extent consistent with the preservation of capital, through investment in high quality short-term fixed income securities that are denominated in Euro, provided that (i) at the time of acquisition, the average initial or residual maturity of all such securities held in the portfolio does not exceed 12 months, taking into account any financial instruments connected therewith, or (ii) the terms and conditions governing those securities provide that the applicable interest rate is adjusted at least annually on the basis of market conditions.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund EURO Government Liquidity
Investment Objective:	To provide liquidity and current income, to the extent consistent with the preservation of capital, primarily through investment in government liquidities that are denominated in Euros.
Investment Policy:	In order to achieve the objective, the Fund will only invest in cash, government and explicitly government guaranteed money market instruments and fixed and floating rate debt securities. The Fund's portfolio will have an average maturity that will not exceed 12 months based on the initial or residual maturity of the investments held in the portfolio, except when the terms and conditions governing the investments provide that the applicable interest rate is adjusted at least annually on the basis of market conditions.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	EUR

Fund Name:	Schroder International Selection Fund US Dollar Liquidity
Investment Objective:	To provide liquidity and current income, to the extent consistent with the preservation of capital, through investment in high quality short-term debt securities that are denominated in USD, provided that (i) at the time of acquisition, the average initial or residual maturity of all such securities held in the portfolio does not exceed 12 months, taking into account any financial instruments connected therewith, or (ii) the terms and conditions governing those securities provide that the applicable interest rate is adjusted at least annually on the basis of market conditions.
Investment Manager:	Schroder Investment Management North America Inc.
Fund Currency:	USD

13. Currency Funds

Profile of the typical Investor:	The Currency Funds are low-medium risk vehicles aiming to protect global purchasing power as described in the relevant investment objectives. They may be suitable for Investors who are managing their longer term cash positions and are seeking active currency management. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Use of financial derivative instruments:	Each Currency Fund may, for investment purposes, employ financial derivative instruments in order to achieve its investment objective. The financial derivative instruments may be over-the-counter, which may imply increased counterparty risk. It is not the intention of the investment manager to create leverage effect as a result of the use of financial derivative instruments.

Fund Name:	Schroder International Selection Fund Global Managed Currency
Investment Objective:	To protect and increase global purchasing power, over the long term, through active currency management. The Fund may invest in cash, deposits and fixed income instruments in any currency, provided that (i) at the time of acquisition, the average initial or residual maturity of all such securities held in the portfolio does not exceed 12 months, taking into account any financial instruments connected therewith, or (ii) the terms and conditions governing those securities provide that the applicable interest rate is adjusted at least annually on the basis of market conditions. The Fund may also invest in currency related derivatives including but not limited to forwards, futures, swaps and options.
Investment Manager:	Schroder Investment Management Limited
Fund Currency:	USD

Appendix IV

Other information

(A) A list of all Funds and Share Classes may be obtained, free of charge and upon request, from the registered office of the Company.

(B) MSCI disclaimer (Source: MSCI): The information obtained from MSCI and other data providers, included in this Prospectus, may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used to create any financial instruments or products or any indices. The MSCI information and that of other data providers is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling or creating any MSCI information (collectively, the "MSCI Parties") and other data providers, expressly disclaim all warranties (including, without limitation any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party or other data provider have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Addendum dated December 2010 to the Prospectus of Schroder International Selection Fund dated May 2010

This document is an addendum dated December 2010 (the "Addendum") to the prospectus of Schroder International Selection Fund (the "Company") dated May 2010 (the "Prospectus"), and may not be distributed without such Prospectus.

I. New Sub-Funds

The following new Funds are added to Appendix III of the Prospectus:

(A) Fund Name:
Schroder International Selection Fund Asian High Income*

Investment Objective:

To provide a high income return.

Investment Policy:

The Fund will invest in bonds and other fixed and floating rate debt securities of the Asia Pacific region and denominated in various currencies. The securities may be issued by governments, government agencies, supra-national and corporate issuers.

The Fund will be invested primarily in high yield bonds with a credit rating of below investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The Fund may also invest in derivatives, including but not limited to forwards, futures, swaps and options. As a result of its derivatives strategy, the Fund may both create long or short exposure to the derivatives' underlying assets.

Specific Risk Considerations:

The Fund will make use of credit derivative instruments to manage the portfolio exposure to credit markets. This may lead to higher volatility in the price of the Shares and may imply increased counterparty risk. The associated risks involved in investment in financial derivative instruments are highlighted in Appendix II.

Investment Manager:
Schroder Investment Management (Singapore) Limited

Fund Currency:
USD

The following features are applicable to Specialist Bond Funds (Medium-higher Risk), which this new Fund is classified as:

Profile of the typical Investor:
The Specialist Bond Funds (Medium-higher Risk) may be suitable for Investors who are seeking to combine capital growth opportunities with income in the debt markets over the long term.

Use of financial derivative instruments:
Each Specialist Bond Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from

exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are medium to higher risk vehicles. However, the use of financial derivative instruments may lead to a higher volatility in the price of Shares and may increase the Fund's counterparty risk. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	1.00%
C Share Class	0.60%

Distribution Charge:

A1/B Share Classes	0.50% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

(B) Fund Name:
Schroder International Selection Fund Currency Absolute Return EUR*

Investment Objective:
To provide a return in excess of Euro cash, whilst aiming to preserve capital on a rolling 12-month basis.

Investment Policy:
The Fund will invest in cash, deposits and money market instruments in any currency, as well as currency related derivatives including but not limited to forwards, futures, swaps and options.

At the time of acquisition, the residual maturity of all deposits and money market instruments held by the portfolio will not exceed 365 days.

As a result of its derivatives strategy, the Fund may both create long or short exposure to the derivatives' underlying assets.

Investment Manager:
Schroder Investment Management Limited

Fund Currency:
EUR

The following features are applicable to Absolute Return Funds, which this new Fund is classified as:

Profile of the typical Investor:
The Absolute Return Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities, bonds, liquidities and/or currency markets.

Use of financial derivative instruments:
Each Absolute Return Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments

include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are low to medium risk vehicles unless otherwise indicated in the Fund's specific investment policy. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	1.00%
C Share Class	0.50%

Distribution Charge:

A1/B Share Classes	0.50% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

Performance Fee:

A 10% performance fee will be applicable to A, AX, A1, B, C, D and X Share Classes.

Relevant benchmark for Performance Fee calculation:

3 Month EUR London Interbank Bid Rate Act 360 + 3%

(C) Fund Name:
Schroder International Selection Fund Currency Absolute Return USD*

Investment Objective:
To provide a return in excess of USD cash, whilst aiming to preserve capital on a rolling 12-month basis.

Investment Policy:
The Fund will invest in cash, deposits and money market instruments in any currency, as well as currency related derivatives including but not limited to forwards, futures, swaps and options.

At the time of acquisition, the residual maturity of all deposits and money market instruments held by the portfolio will not exceed 365 days.

As a result of its derivatives strategy, the Fund may both create long or short exposure to the derivatives' underlying assets.

Investment Manager:
Schroder Investment Management Limited

Fund Currency:
USD

The following features are applicable to Absolute Return Funds, which this new Fund is classified as:

Profile of the typical Investor:
The Absolute Return Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities, bonds, liquidities and/or currency markets.

Use of financial derivative instruments:
Each Absolute Return Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of

currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are low to medium risk vehicles unless otherwise indicated in the Fund's specific investment policy. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	1.00%
C Share Class	0.50%

Distribution Charge:

A1/B Share Classes	0.50% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

Performance Fee:

A 10% performance fee will be applicable to A, AX, A1, B, C, D and X Share Classes.

Relevant benchmark for Performance Fee calculation:

3 Month USD London Interbank Bid Rate Act 360 + 3%

(D) Fund Name:
Schroder International Selection Fund EURO Credit Duration Hedged*

Investment Objective:
To provide total return primarily through investment in credit and credit related instruments and other fixed and floating rate securities, cash and financial derivative instruments that are primarily denominated in Euros. The Fund will be fully hedged back into Euros.

The Fund may have exposure to investment grade and sub-investment grade debt at any time. Whilst credit and credit related instruments of companies or sovereign issuers will form the majority of assets held, securities issued by governments, government agencies and supranational issuers may also be held from time to time.

Investment Policy:
The financial derivative instruments of the Fund will include, inter alia, credit default swaps. In this context, the Fund acts as protection buyer to hedge the specific credit risk of some of the issuers it holds in its portfolio. The Fund may however also sell protection to acquire a specific credit exposure and/or buy protection without holding the underlying issue.

In an aim to manage interest rate and credit risks and non base currency exposure, the Fund may make use of interest rate futures and options and of foreign exchange forward and swap contracts, respectively.

Asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of the Fund.

Specific Risk Considerations:

The Fund will make use of credit derivative instruments to manage the portfolio exposure to credit markets. This may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its global risk exposure.

Investment Manager:
Schroder Investment Management Limited

Fund Currency:
EUR

The following features are applicable to Specialist Bond Funds (Medium-higher Risk), which this new Fund is classified as:

Profile of the typical Investor:
The Specialist Bond Funds (Medium-higher Risk) may be suitable for Investors who are seeking to combine capital growth opportunities with income in the debt markets over the long term.

Use of financial derivative instruments:
Each Specialist Bond Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are medium to higher risk vehicles. However, the use of financial derivative instruments may lead to a higher volatility in the price of Shares and may increase the Fund's counterparty risk. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	0.75%
C Share Class	0.50%

Distribution Charge:

A1/B Share Class	0.50% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

(E) Fund Name:
Schroder International Selection Fund European Equity Focus*

Investment Objective:
To provide capital growth.

Investment Policy:
The Fund will invest in European equities and equity related securities. The portfolio will normally be concentrated with up to 35 securities. They will not be restricted by size or sector.

Investment Manager:
Schroder Investment Management Limited

Fund Currency:
EUR

The following features are applicable to Specialist Equity Funds, which this new Fund is classified as:

Profile of the typical Investor:
The Specialist Equity Funds may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.

Use of financial derivative instruments:
Each Specialist Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are higher risk vehicles. In particular the use of financial derivative instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	1.50%
C Share Class	1.00%

Distribution Charge:

A1 Share Class	0.50% per annum of the net assets of Funds
B Share Class	0.60% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

Performance Fee:

A 15% performance fee will be applicable to A, AX, A1, B, C, D and X Share Classes.

Relevant benchmark for Performance Fee calculation:

MSCI Europe

(F) Fund Name:
Schroder International Selection Fund US Equity Alpha

Investment Objective:
To provide capital growth primarily through equity and equity related securities of US companies. In order to achieve the objective, the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth.

Investment Manager:
Schroder Investment Management North America Inc.

Fund Currency:
USD

The following features are applicable to Alpha Equity Funds, which this new Fund is classified as:

Profile of the typical Investor:
The Alpha Equity Funds may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.

Use of financial derivative instruments:
Each Alpha Equity Fund may employ financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.

Fund Risk Profile and Specific Risk Considerations:
These Funds are higher risk vehicles. In particular the use of financial derivative

instruments for investment purposes may increase the Share price volatility, which may result in higher losses for the Investor. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

The following features will be added in the relevant sections of the main part of the Prospectus.

Management Fees (per annum):

A/AX/A1/B/D Share Classes	1.50%
C Share Class	1.00%

Distribution Charge:

A1 Share Class	0.50% per annum of the net assets of Funds
B Share Class	0.60% per annum of the net assets of Funds
D Share Class	1.00% per annum of the net assets of Funds

II. Sub-Fund Changes

(A) Schroder International Selection Fund Asian Total Return
As of 1 April 2011, the Management Fee (per annum) of the C Share Class of this Fund will increase from 0.75% to 1.00%.

(B) Schroder International Selection Fund EURO Bond Core*
1) This Fund is renamed **Schroder International Selection Fund EURO Bond Plus** and any reference, in the Prospectus, to "Schroder International Selection Fund EURO Bond Core" should be read, where appropriate, as a reference to "Schroder International Selection Fund EURO Bond Plus".

2) Its **Investment Objective** in Appendix III is amended so as to read as follows:

"**Investment Objective**:

To provide a return of capital growth and income primarily through investment in a portfolio of investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) bonds and other fixed and floating rate securities denominated in Euro and issued by governments, government agencies, supra-national and corporate issuers worldwide. The Fund also has the flexibility to implement active currency positions through currency forwards."

3) The table in section "**Management Fees (per annum)**" is amended to replace the rate of 0.70% for A/AX/A1/B/D Share Classes with 0.75% and the rate of 0.45% for C Share Class with 0.50%.

(C) Schroder International Selection Fund EURO Dynamic Growth
As of 14 April 2011, this Fund will be merged into Schroder International Selection Fund EURO Equity. No subscriptions from new Investors will be accepted as of 4 March 2011 and no further subscriptions from existing Investors will be accepted as of 6 April 2011.

(D) Schroder International Selection Fund Global Bond
As of 1 April 2011, the **Investment Objective** of this Fund will be clarified so as to read as follows:

"**Investment Objective**:
To provide a return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide. The Fund also has the flexibility to implement active currency positions through currency forwards. A maximum of 20% of the net assets of the Fund can be invested in securities with a credit rating below investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies)."

(E) Schroder International Selection Fund Global Corporate Bond Core*
1) This Fund is renamed **Schroder International Selection Fund Global Corporate Bond Plus** and any reference, in the Prospectus, to "Schroder International Selection Fund Global Corporate Bond Core" should be read, where appropriate, as a reference to "Schroder International Selection Fund Global Corporate Bond Plus".

2) Its **Investment Objective** in Appendix III is amended so as to read as follows:

"**Investment Objective**:

To provide a return of capital growth and income primarily through investment in a portfolio of investment grade (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) bonds and other fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supra-national and corporate issuers worldwide. The Fund also has the flexibility to implement active currency positions either via currency forwards or via the above instruments. A maximum of 20% of the net assets of the Fund may be held in securities issued by governments."
3) The table in section "**Management Fees (per annum)**" is amended to replace the rate of 0.70% for A/AX/A1/B/D Share Classes with 0.75% and the rate of 0.40% for C Share Class with 0.45%.

(F) Schroder International Selection Fund Global Demographics and Wealth Dynamics
As of 1 February 2011, this Fund will be renamed **Schroder International Selection Fund Global Demographic Opportunities** and any reference, in the Prospectus, to "Schroder International Selection Fund Global Demographics and Wealth Dynamics" should be read, where appropriate, as a reference to "Schroder International Selection Fund Global Demographic Opportunities".

(G) Schroder International Selection Fund Global High Income Bond*
1) This Fund's **Investment Policy** in Appendix III is amended so as to read as follows:

"**Investment Policy**:

The Fund may invest in the full spectrum of available securities, including asset-backed and mortgage-backed securities and non-investment grade securities. The Fund also has the flexibility to implement active currency positions through currency forwards. Asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of the Fund."
2) The table in section "Management Fees (per annum)" is amended to replace the rate of 0.95% for A/AX/A1/B/D Share Classes with 1.00% and the rate of 0.55% for C Share Class with 0.60%.

(H) Schroder International Selection Fund Global Tactical Asset Allocation
As of 23 February 2011, the dealing arrangements for this Fund will change as follows:

1) The dealing cut-off will be 1:00 p.m. Luxembourg time one Business Day prior to the Dealing Day.

The first sentence of the fourth paragraph of the section "How to Subscribe" in "2.1 Subscription for Shares" is amended so as to read as follows:

"In respect of the Funds Australian Equity, European Defensive and Global Tactical Asset Allocation, application forms and cleared funds must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day, as defined below under "Calculation of Net Asset Value", on that day (plus any applicable initial charge)."

The fifth paragraph of the section "How to Subscribe" in "2.1 Subscription for Shares" is deleted.

The first sentence of the third paragraph of the section "Redemption Procedures" in "2.2 Redemption and Switching of Shares" is amended so as to read as follows:

"In respect of the Funds Australian Equity, European Defensive and Global Tactical Asset Allocation, redemption requests must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day."

The fourth paragraph of the section "Redemption Procedures" in "2.2 Redemption and Switching of Shares" is deleted.

The first sentence of the fifth paragraph of the section "Switching Procedures" in "2.2 Redemption and Switching of Shares" is amended so as to read as follows:

"In respect of the Funds Australian Equity, European Defensive and Global Tactical Asset Allocation switching instructions must be received before 1.00 p.m. in order to be dealt with at the relevant Net Asset Value per Share the following Dealing Day."

The sixth paragraph of the section “Switching Procedures” in “2.2 Redemption and Switching of Shares“ is deleted.

2) The settlement period for redemptions will be three Business Days after the relevant Dealing Day.

The first sentence of the first paragraph of the section “Redemption Proceeds” in “2.2 Redemption and Switching of Shares“ is amended so as to read as follows:

“Redemption proceeds are normally paid by bank transfer or electronic transfer, within three Business Days from the relevant Dealing Day (one Business Day for the Funds EURO Government Liquidity and four Business Days for the Fund Australian Equity) and will be instructed to be made at no cost to the Shareholder, provided the Management Company is in receipt of all documents required.”

The first sentence of the second paragraph of the section “Redemption Proceeds” in “2.2 Redemption and Switching of Shares“ is also amended so as to read as follows:

“If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within three Business Days from the relevant Dealing Day (one Business Day for the Fund EURO Government Liquidity and four Business Days for the Fund Australian Equity), for example when the liquidity of the relevant Fund does not permit, then payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty Business Days) at the Net Asset Value per Share calculated on the relevant Dealing Day.“

(I) Schroder International Selection Fund QEP US Core
As of 14 April 2011, this Fund will be merged into Schroder International Selection Fund QEP Global Core. No subscriptions from new Investors will be accepted as of 4 March 2011 and no further subscriptions from existing Investors will be accepted as of 6 April 2011.

(J) Schroder International Selection Fund Strategic Bond
As of 1 April 2011, the **Investment Objective** of this Fund will be amended so as to read as follows:

“**Investment Objective**:
To provide a total return primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide. The Fund also has the flexibility to implement active currency positions either via currency forwards or via the above instruments. The full spectrum of available securities, including non-investment grade, may be utilised.”

(K) Schroder International Selection Fund QEP US Dollar Liquidity
As of 1 January 2011, the Management Fee (per annum) of the A/AX/A1/B/D Share Classes of this Fund will be 0.20%. The Distribution Charge of the A1/B Share Classes of this Fund will decrease from 0.10% to 0.00% per annum of the net assets of Fund.

(L) Absolute Return Funds
As a consequence of the creation of the Schroder International Selection Fund Currency Absolute Return EUR and Schroder International Selection Fund Currency Absolute Return USD which are classified as Absolute Return Funds and may invest in cash and in money market instruments, the profile of the typical Investor for the Absolute Return Funds is amended so as to read as follows:

"The Absolute Return Funds may be suitable for Investors who are seeking long term growth potential offered through investment in equities, bonds, liquidities and/or currency markets."

III. Other Changes

(A) X Share Class
A new second paragraph is added to the section "X Shares" in "1.3 Share Classes" as follows:

"The Company will not issue, or effect any switching of, X Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for X Shares restricted to institutional investors until such date as the Management Company has received sufficient evidence on the qualification of the relevant Investor as an institutional investor. If it appears at any time that a holder of X Shares is not an institutional investor, the Directors of the Company will instruct the Management Company to propose that the said holder convert their Shares into a Share Class within the relevant Fund which is not restricted to institutional investors (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Directors of the Company will, at their discretion, instruct the Management Company to redeem the relevant Shares in accordance with the provisions under "Redemption and Switching of Shares"."

(B) Management Company
Christian Cano is no longer board member of the Management Company. The seventh paragraph of the section "Management Company" in "3.1 Administration Details, Charges and Expenses" is therefore amended so as to read as follows:

"The directors of the Management Company are:

- Markus Ruetimann, Group Head of Operations and Information Technology, Schroder Investment Management Limited

- Noel Fessey, Managing Director, Schroder Investment Management (Luxembourg) S.A.

- Gary Janaway, Director of Operations, Schroder Investment Management (Luxembourg) S.A.

- Marco Zwick, Global Head of Compliance, Schroder Investment Management (Luxembourg) S.A.

- Finbarr Browne, Head of Finance, Schroder Investment Management (Luxembourg) S. A."

(C) Cash collateral reinvestment
The following paragraph is added as the ninth paragraph to "Appendix III Fund Details" being clarification as follows:

"Collateral received in connection with currency hedging transactions (and in particular currency forward transactions) on behalf of currency hedged Share Classes, may be reinvested, in compliance with the applicable investment policy and restrictions of the Funds.".

(D) Duration hedged Share Classes
The following paragraph is added as the thirteenth paragraph to "Appendix III Fund Details" as follows:

"The Directors may decide from time to time for some or all of the Bond Funds to issue duration hedged Share Classes. Duration hedged Share Classes utilise hedging strategies that seek to reduce the Share Class' sensitivity to changes in interest rate movements. There is no assurance that these hedging strategies will be successful. Where undertaken, the effects of this hedging will be reflected in the Net Asset Value and, therefore, in the performance of the Share Class. Similarly, any expenses arising from such hedging transactions will be borne by the Duration hedged Share Class. The performance of the Duration hedged Share Classes may underperform other Share Classes in the Bond Funds depending on interest rate movements. Duration hedged Share Classes can be issued in relation to any type of available Share Classes of Bond Funds. A list of available Share Classes may be obtained, free of charge and upon request, from the registered office of the Company.".

IV. Administration

The address of the Investment Manager European Investors Inc. has changed. Their information in the section "Investment Managers" is amended so as to read as follows:

"European Investors Inc., 640 Fifth Avenue, 8th Floor, New York, NY 10019, United States of America".

V. Definitions

The definition of “Business Day” is clarified as follows:

“unless otherwise provided in the Fund’s details in Appendix III, a Business Day is a week day other than New Year's Day, Good Friday, Easter Monday, Christmas Eve, Christmas Day and the day following Christmas Day”.